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Zimbabwe
Country Economic Memorandum

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Eastern Africa Regional Office

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CURRENCY EQUIVALENTS

US$1	=	Z$0.629
Z$1	=	US$1.59

WEIGHTS AND MEASURES

km	-	kilometer
ha	-	hectare
TOE	-	tons of oil equivalent
GWh	-	gigawatt hour
kWh	-	kilowatt hour

ABBREVIATIONS AND ACRONYMS

ADF	-	African Development Fund
AFC	-	Agricultural Finance Corporation
APL	-	African Purchase Land
ARDA	-	Agricultural and Rural Development Authority
CAPC	-	Central African Power Corporation
CMED	-	Central Mechanical Equipment Department
CPI	-	Consumer Price Index
CZI	-	Confederation of Zimbabwe Industries
DEVAG	-	Department of Agricultural Development
EPD	-	Ministry of Economic Planning and Development
ESC	-	Electricity Supply Commission
GDP	-	gross domestic product
GNP	-	gross national product
GNY	-	gross national income
IDC	-	Industrial Development Corporation
MLGH	-	Ministry of Local Government and Housing
MOEC	-	Ministry of Education and Culture
MOH	-	Ministry of Health
MRRT	-	Ministry of Roads and Roads Traffic
MWD	-	Ministry of Water Development
NRZ	-	National Railways of Zimbabwe
TILCOR	-	Tribal Trust Land Development Corporation
TTL	-	Tribal Trust Land
UDI	-	Unilateral Declaration of Independence
UNHCR	-	United Nations High Commissioner for Refugees
ZANU	-	Zimbabwe African National Union
ZAPU	-	Zimbabwe African Peoples Union

FISCAL YEAR

July 1 - June 30

PREFACE

This first Country Economic Memorandum on Zimbabwe was written mainly during the period from mid-October 1980 to end-January 1981. It is based on official data and information gathered during the initial economic mission to Zimbabwe 1/ from late August through September 1980. Its contents and findings were discussed with the Government in Salisbury in early March. Although there was not complete agreement on all issues raised, it was clear that Government officials had read the report carefully, were aware of most of the problems identified in the report, and were willing to give serious consideration to remedies proposed herein.

Several important changes have been proposed or have occurred in Zimbabwe in the past two months which are not reflected in the memorandum. Supplemental Central Government expenditures for FY80 of nearly Z$98 million have been approved. These were paired with new revenue measures including somewhat higher excise and income taxes and lower tax exemptions for investment and immigrants. Interest rates have also been raised, generally by about two percentage points. A ministrial reorganization has occurred. Some of the functions of the Ministries of Transport and Power, Mines, and Commerce and Industry were shifted such that there are now four ministries, one for Industry and Energy, one for Mines, one for Trade and Commerce and one for Transport.

Two documents of major significance were published in late February. The first, "Growth with Equity" is the Government's new economic policy statement. The second, or ZIMCORD document is the documentation for the Zimbabwe conference on reconstruction and development, held in Salisbury the week of March 23, 1981, in order to encourage pledges of external aid to Zimbabwe. Taken together, these documents help define the likely policy and program essence of the forthcoming development plan. It has now been decided, that this will be a three-year, interim plan to be published in July 1981.

Several developments in specific sectors have also taken place. Of particular relevance to issues raised in this Economic Memorandum are the proposal to increase electricity rates, by means of a 20 percent development levy, and the increasingly constrained transport situation which has led, correspondingly to greater efforts to expand traffic through Mozambique to Maputo.

1/ Mission members, titles and responsibilities were as follows: Robert Myers (mission chief, Country Economist, and principal author); Don Bickers (Division Chief, Railways); Rasheed Faruqee (Economist, Basic Needs-Housing and Health); Peter Hall (Loan Officer, Resettlement, Reconstruction and Planning); Ben Kennedy (Deputy Division Chief, Highways); Roger Masthagen (Engineer, Railways); Ridley Nelson (Agricultural Economist, Agriculture); F.S. O'Brien (Senior Departmental Economist); Vinod Prakash (Economist, Mining and Manufacturing); D.G. Reese (Division Chief, Country Programs); Ted Rice (Deputy Chief of Mission, RMEA, Agriculture); Andre Salmon (Senior Educator, Education and Training); John Sneddon (Senior Financial Analyst, Energy and Water).

ZIMBABWE

COUNTRY ECONOMIC MEMORANDUM

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COUNTRY DATA

AREA	POPULATION	DENSITY (1979)
391,000 km^2	7.3 million (end-1979) Growth Rate: 3.3%	17.7/km^2

POPULATION CHARACTERISTICS (1979)		HEALTH (1979)	
Crude Birth Rate/1,000	48.1	Population per Physician	7,028.0
Crude Death Rate/1,000	13.6	Population per Hospital Bed	371.0
INCOME DISTRIBUTION (1979)		**DISTRIBUTION OF LAND OWNERSHIP (1979)**	
% of National Income, Highest Quintile	..	% Owned by Top 10% of Owners	..
, Lowest Quintile	..	% Owned by Smallest 10% of Owners	..
ACCESS TO PIPED WATER (1979)		**ACCESS TO ELECTRICITY (1979)**	
Occupied Dwellings without Piped Water (%)	..	% of Population, Total	..
		, Rural	..
NUTRITION (1979)		**EDUCATION**	
Caloric Intake as Percent of Requirements	108.0	Adult Literacy Rate % (1960)	39.4
Per Capita Protein Intake (grams/day)	20.4	Primary School Enrollment % (1979)	98.0

GNP PER CAPITA IN 1979: US$470

GROSS NATIONAL PRODUCT IN 1979 (est)

	US$ Mln.	%
GNP at Market Prices	4,083	100.0
Gross Domestic Investment	670	16.5
Gross National Saving	515	12.6
Current Account Balance	-147	-3.6
Exports of Goods, NFS	1,230	30.0
Imports of Goods, NFS	1,259	30.8

ANNUAL RATE OF GROWTH (%, constant 1965 prices)

	1965-70	1970-78
GNP at Market Prices	6.2	2.5
Gross Domestic Investment	9.1	-1.5
Gross National Saving	4.8	-2.9
Current Account Balance	.	.

OUTPUT, LABOR FORCE AND PRODUCTIVITY IN 1979

	Value Added		Labor Force 1/		V. A. Per Worker	
	US$ Mln.	%	'000	%	US $	% of Average
Agriculture	482	12.4	334	33.8	1,443	36.7
Industry	1,504	38.7	253	25.6	5,945	151.5
Services	1,899	48.9	402	40.6	4,724	120.2
Unallocated						
Total/Average	.	.	.	.	.	.
	3,685	100.0	989	100.0	3,928	100.0

GOVERNMENT FINANCE

	General Government 2/			Central Government 3/		
	(Mln.)	% of GDP		Z$ Million	% of GDP	
	197	197	196-7	1978/79	1978/79	1978-79
Current Receipts				580	23.4	
Current Expenditure				806	32.5	
Current Surplus				-226	-9.1	
Capital Expenditures				82	3.3	
External Assistance (net)				129	5.2	

Note: All Conversions to dollars in this table are at the average exchange rate of Z$1 = US$1.58.

1/ Formal sector employment only.

2/ Figures do not differ significantly from "Central Government."

3/ Fiscal year = July 1 to June 30.

.. not available

. not applicable

February 1981

COUNTRY DATA, Continued

MONEY, CREDIT and PRICES	1974	1975	1976	1977	1978	1979
		(Million z$ outstanding end period)				
Money and Quasi Money	543	690	769	810	892	992
Bank credit to Public Sector	77	134	211	219	212	199
Bank Credit to Private Sector	485	642	680	730	711	724
		(Percentages or Index Numbers)				
Money and Quasi Money as % of GDP	29	34	35	37	38	38
General Price Index (1964 = 100)5/	131	144	161	180	197	223
Annual percentage changes in:						
General Price Index	6.5	9.9	11.8	11.8	9.4	13.2
Bank credit to Public Sector		74.0	57.0	3.8	-3.3	-6.5
Bank credit to Private Sector		32.3	5.9	7.4	-2.7	1.8

BALANCE OF PAYMENTS (US$ Millions)

	1977	1978	1979
	(Millions US $)		
Exports of Goods, NFS	960	1,060	1,213
Imports of Goods, NFS	-902	959	1,259
Resource Gap (deficit = -)	58	101	-46
Interest Payments (net)	-71	..	..
Workers' Remittances	..	-55	-70
Other Factor Payments (net)	..	..	..
Net Transfers	-24	-40	-35
Balance on Current Account	-37	6	-151
Direct Foreign Investment	..	..	..
Net MLT Borrowing	..	..	..
Disbursements	..	..	..
Amortization	..	..	..
Subtotal	..	..	..
Capital Grants	..	..	..
Other Capital (net)	..	..	..
Other items n.e.i	-54	43	131
Increase in Reserves (+)	-91	49	-20
Gross Reserves (end year)	..	..	..
Net Reserves (end year)	-27	139	237
Fuel and Related Materials			
Imports	138	141	256
of which: Petroleum(est)	100	120	230
Exports	11	12	15
of which: Petroleum	-	-	-

MERCHANDISE EXPORTS (US$ Millions and %)

	1975 Value	(%)	1979 Value	(%)
Agricultural 2/	359	(46)	408	(38)
Mining3/	332	(42)	536	(50)
Manufacturing	77	(10)	68	(6)
Other	32	(2)	62	(6)
TOTAL	800	(100)	1,074	(100)

EXTERNAL DEBT, DECEMBER 31, 1979 1/

	US $ Mln
Public Debt, incl. guaranteed	350
Non-Guaranteed Private Debt	..
Total outstanding & Disbursed	..

DEBT SERVICE RATIO for 1979 4/

	%
Public Debt, incl. guaranteed	7.0
Non-Guaranteed Private Debt	..
Total outstanding & Disbursed	..

IBRD/IDA LENDING, June 30, 1980 (Million US $):

	IBRD	IDA
Outstanding & Disbursed	13.8	.
Undisbursed	-	.
Outstanding incl. Undisbursed	13.8	.

RATE OF EXCHANGE

	1979
US $ 1.00 = z$	0.63
z$ 1.00 = US $	1.58

1/ Estimate.
2/ Defined as edible food and fats plus non-edible agricultural output such as tobacco, cotton, forestry products, etc.
3/ Defined as crude materials and minerals, gold and processed mining materials--mainly unfabricated metals. Much of this might, by another classification, be considered manufacturing output.
4/ Ratio of estimated debt service to exports of goods and non-factor services.
5/ Lower income group.

.. not available
. not applicable

ZIMBABWE

COUNTRY ECONOMIC MEMORANDUM

INTRODUCTORY SUMMARY AND CONCLUSIONS

i. On April 18, 1980, Zimbabwe became independent after 90 years of colonial rule and 15 years of illegally declared independence, the last 7 of which were plagued by civil war. The war claimed 27,000 lives. About 10 times as many people were wounded and at least 850,000 were made homeless. Destruction and disruption of people's lives, especially in the rural areas was considerable.

ii. The war was fought over two fundamental issues. One was the enfranchisement of Africans. The other was the extent to which Africans benefit from the country's economic potential. The latter applied most particularly to the pattern of land settlement and use which, because of past legislation, is skewed heavily in favor of a small number of white farmers. The fighting ceased on December 28, 1979, when the various parties reached agreement on a cease-fire as part of the British-sponsored "Lancaster" settlement. The settlement provided for a new independence constitution and for general elections to be held in February 1980. It thus established the principle of majority rule and led to African control of the machinery of government.

iii. In the elections, Mr. Mugabe's ZANU Patriotic Front swept to victory with 63 percent of 2.7 million black votes and 57 of the 80 black seats in the House of Assembly. Mr. Nkomo's ZAPU received 24 percent of the vote and 20 seats; Bishop Muzorewa's United African Council won 8 percent of the vote and 3 seats. The 230,000 whites, voting separately, already had filled their 20 seats with members of former Prime Minister Ian Smith's Rhodesian Front Party. In forming his new "national front" government, Prime Minister Mugabe included Mr. Nkomo as Minister of Home Affairs and two whites, Mr. D.C. Smith as Minister of Commerce and Industry, and Mr. Norman, Minister of Agriculture.

iv. The new Government faces serious problems but has inherited an economy with excellent development potential. Several of the problems are war-related and of an immediate nature. First, 35,000 armed troops, mainly representing the two armies of the Zambabwe African Peoples Union (ZAPU) and Zimbabwe African National Union (ZANU), must be either demobilized or included in an expanded and integrated army. Second, about one million refugees or displaced persons need to be cared for and resettled. Third, reconstruction efforts are needed to repair or replace war-damaged infrastructure. The most fundamental structural problem is how to increase African participation in and benefits from development of the economy while maintaining and even increasing output.

v. Amalgamation and/or demobilization of the armies has proved difficult and expensive. Only a few soldiers from the ZANU and ZAPU armies opted to resign and accept a resettlement grant. The vast majority want to continue as soldiers. They have chosen to remain armed and live in urban or rural camps while collecting Z$100 per month per person. The country will probably have a standing army of between 40,000 and 60,000 soldiers, which is too large and too expensive for the country, given the other demands on its resources.

vi. Care and resettlement of displaced persons and reconstruction of infrastructure have progressed satisfactorily. Two programs, both outside the Central Government's budget, have been formulated. The one for refugee resettlement is expected to last a year and cost about Z$78 million. External funding for this program has been arranged. The other, for reconstruction, is planned as a three-year program costing Z$162 million. Pledges of external funds for this program have so far been less than hoped for, but Government has provided some funds from the budget in order to ensure that reconstruction proceeds rapidly.

vii. The need to achieve more equitable development is a complex, long-term problem. The Government's first moves have been to protect the existing productive base but to give clear indication that programs and projects must be formulated which use the existing base to achieve more equitably distributed development. It is anxious to forestall a mass exodus of those whites whose flight would seriously disrupt Zimbabwe's economy and government administration. The new Government has adhered to a policy of moderation and reconciliation and has supported that part of the new constitution which guarantees remittability of pension and land compensation payments to non-residents. The Minister of Finance's first budget speech is also indicative of a desire to build on the existing productive base. It stresses the importance of growth in income and employment.

viii. The statistics 1/ indicate that with the exception of distribution of income and assets, performance of the economy has been good. There were distinct phases; the economy grew rapidly until 1975, then declined through 1979 as the war, two droughts and reductions in the real value of non-oil imports disrupted economic activity. In 1980, the economy recovered sharply. The agricultural, mining, and manufacturing sectors are all important to the economy; agriculture because of employment and exports, mining because of its foreign exchange earnings, and manufacturing because of employment and its contribution to GDP.

ix. Over the past few years foreign exchange allocations were restricted as the country's lack of access to external borrowing forced a policy of minimizing current account deficits. This, plus oil price increases caused reductions in imports of non-oil intermediate imports leading to the lowest output in the manufacturing sector since 1975. The cessation of sanctions has opened up the country's access to foreign capital markets, thus enabling a medium-term strategy of larger current account deficits to finance investment demand with savings borrowed from abroad. In view of the relatively low external indebtedness of the country such a development strategy is feasible for several years to come.

1/ Although the data base for the economy is relatively complete, the statistics do not measure or describe non-wage, African economic activity sufficiently.

x. Success in generating productive employment will be a most important indicator of progress to more equitable growth in the country. In the past, the economy did relatively better than most other independent African countries with respect to job creation, but African wages and productivity are low. The magnitude of the employment problem is huge. Both the number of new jobs and the average productivity of African workers must increase significantly. The Government's intentions as set out in the first budget speech suggest that it will push for rapid growth, placement of Africans in formerly excluded employment positions and provision of ancilliary factors of production which increase productivity of Africans. In this regard, the budget is more compatible with the Government's development philosophy than are the terms of reference of the Commission of Inquiry on Incomes, Prices and Conditions of Service. The latter appear to confine the commission to a consideration of the distributional rather than employment effects of wage policy.

xi. Shifts in the size and focus of the central government budget over the past few years have altered Government's role in the economy and have significant implications for the future. Expenditures grew rapidly and are now about 37 percent of GDP. Revenues have not kept pace with the result that deficits are now huge and a dangerously large 14 percent of GDP. The inflationary impact of these deficits has been muted in the past, perhaps because the distribution of income concentrated purchasing power amongst a small number of people who suppressed their consumptive desires. Things have changed with independence, however, and the more buoyant economic atmosphere coupled with the likely broadening of the purchasing power base could lead to serious inflationary pressures. The shift in the pattern of government expenditures toward less productive uses such as defense and transfers is of equal, if not greater, long-run importance to the economy.

xii. The administration inherited by the new Government performed well during the UDI period but its functions were relatively limited. Its efficiency was reduced in the latter years by disruptions due to departures of key personnel and army call-ups. The civil service now faces an upsurge in its work load because of the need to expand and extend the coverage of governmental functions. Potential shortages in administrative capacity are considerable. It is likely that even with large-scale recruitment and training programs, slippages will occur. A case in point is the newly formed planning apparatus. Although a five-year public investment program was drawn up by the previous Government, staff shortages plus the crisis situation in the country prevented formation of planning capability of the sort needed by the new Government. At independence, the Ministry of Economic Planning was established, but only a small portion of its expected staff complement is in place. Nevertheless, expectations are that the new ministry will take over responsibility for the capital budget, produce an interim plan, arrange for large amounts of concessional assistance and begin to exercise operational control over planning and project implementation in the operating ministries.

xiii. There are several key macroissues facing the Government. The central government budget is of particular concern. Large budget deficits will contribute to excess aggregate demand. Thus taxes should be increased to reduce the deficit while imports are liberalized to take the pressure

off domestic prices. The latter implies larger current account deficits and will require foreign borrowing. The incentive and distribution impact of tax increases must be carefully considered. However, it appears likely that increasing customs duties and applying them in a way that produces uniform tariffs on consumer, intermediate and capital imports is desirable both from a revenue and an incentive viewpoint.

xiv. Two other budgetary issues are allocative in nature. In recent years the relative importance of public expenditures for administration, defense and transfers have increased, meaning real cutbacks in expenditures for economic and social services were unavoidable. Over the next five years, the Government should undertake to reverse the trend. It also appears likely that the responsibility for allocations for government expenditures will be divided. The Ministry of Finance will retain responsibility for allocation of the recurrent budget but EPD will oversee allocations for a capital budget. If this occurs, care must be taken to ensure that the aggregate amounts and internal allocations for the recurrent and capital budgets ensure full utilization of capacity in the public sector.

xv. A final budgetary issue concerns the income distribution impact of the budget. This can be significant and will be influenced by revenue measures as well as subsidy and expenditure patterns. The incentive impact of any new income distribution measures must be considered. It appears probable that taxes on certain assets plus increases in customs duties can have beneficial distributional impacts without unduly affecting growth. Regarding subsidies and the pattern of expenditures, the Government should avoid consumer subsidies and transfers of consumption in kind. Instead producer subsidies and public expenditures which will raise the productivity of the poor workers, should have priority.

xvi. Public saving both by government and parastatal organizations can be increased if the Government's recurrent budget deficits are decreased and user charges of parastatals, notably the Electricity Supply Commission (ESC) and the National Railway of Zimbabwe (NRZ) are increased. Mobilization of private saving can be improved by raising interest rates and will be favorably influenced if investment opportunities are buoyant.

xvii. Greater investment coupled with an appropriate factor price and incentive system are important if employment and productivity are to expand. In addition to measures for increasing savings and investment, the Government should insure that its incentive system encourages greater employment and productivity. Wage policy should be considered not in isolation but as part of a policy for appropriate pricing of all factors of production. The aim of the latter would be to prevent a wage strategy which encourages excessive capital intensity of new investments.

xviii. Expertise shortages are and will continue to be severe throughout the economy. Extensive recruiting and training efforts are needed. The scarcity will continue, however, indicating that expertise saving methods of

administration and production should be sought. In this as well as in training and recruitment, the private trade and producer associations can help, providing they become fully integrated and reflect the interests of all Zimbabweans.

xix. Rough estimates of likely developments indicate that the economy has the potential for good real growth, perhaps 5-7 percent for the next 3 years. Such growth would result from increases in capacity utilization and expansion of exports and imports. Recovery of agricultural production specifically, and the economy generally, should result in significant expansion of employment. It is likely that savings and investment performance and the budgetary situation will not begin to improve until 1982. Inflationary pressures are likely to be severe but inflation can probably be controlled to 11-15 percent per year.

xx. Agriculture will undoubtedly be the major focus of efforts to restructure the economy. The sector is important to the economy and past performance, the last few years excepted, has been good. Real growth between 1965 and 1974 averaged 7.3 percent annually. The sector provides a third of formal sector employment and about 40 percent of foreign exchange earnings. However, ownership of assets and the distribution of income from the sector are highly skewed. Major sets of issues are: (a) the choice between improving existing Tribal Trust Land (TTL) areas, expanding smallholder rainfed settlement, or increasing labor-intensive irrigation projects; (b) the type of land tenure; (c) producer and consumer pricing and the role of private investment; and (d) the adequacy of technical knowledge and trained personnel to implement an expansion of smallholder agriculture.

xxi. The Government must choose the amounts of resources to be devoted to improving existing TTL areas, expanding smallholder rainfed settlement and increasing irrigated acreages for either settlement or labor-intensive development. All three will probably be necessary. Improvement of TTL areas is necessary to support the residual population that must inevitably remain on the land. With respect to rainfed settlement, current government proposals aim at settling too few families on too much land per family in order that they earn what appears to be excessively high incomes. The Government should consider settling larger numbers of families on smaller plots. Sale or lease of plots should be allowed so that those farmers who can use larger acreages more productively can acquire more land. With respect to irrigation settlement, as with rainfed settlement, target incomes are too high, implying that access by African farmers is too limited. However, the Government should not rule out the development of commercial estate irrigation using labor-intensive methods as an alternative to settlement.

xxii. Appropriate producer prices are a most important and efficient way to encourage transformation of the sector. To date, the Government has given conflicting signals in this regard. Many producer prices are approximately at or near their export or import parity levels. However, substantial consumer subsidies for some basic foodstuffs also exist. Although these need not affect producer prices, experience elsewhere in Africa indicates that the drain on the budget encourages suppression of producer prices and thus incentives to increase production.

xxiii. Rapid development of smallholder agriculture will be constrained by shortages of budgetary funds and manpower. Expanded recruitment and training for management planning and research staff is essential. In addition,

agricultural and farm systems research and extension must focus on the needs of the average peasant farmer. Public resource shortages should be recognized and the Government's development strategy should aim to attract resources from private sources.

xxiv. Manufacturing and mining have also performed well, growing at 9.7 and 8.3 percent per year, respectively, until the recent depression. In recent years manufacturing has suffered from lack of foreign exchange and obsolescence of equipment. As in agriculture, ownership of industry is in the hands of the white minority. Benefits to the economy in the form of value added, foreign exchange earnings and employment have been considerable, however. The mining sector emerged from the UDI period in good shape and will most likely continue to contribute to the economy for some time without major new domestic resource requirements. Although foreign firms have some uncertainty regarding the Government's future role in the sector, the most immediate problem facing companies is a shortage of skilled African personnel. The mining companies have a relatively good record regarding Africanization, but they can and should increase the pace.

xxv. Issues facing the manufacturing sector are more complex. As with the other sectors, there are shortages of managerial and technical manpower. This will require training and, perhaps, external recruitment. Foreign exchange shortages have prevented imports of sufficient intermediate and capital goods. Over the longer run, the producer incentive system needs to be revised so that it accurately reflects the economy's resource base and the Government's goal of increasing employment and productivity.

xxvi. The transport sector has served the country well. Domestic and external air traffic has been expanding rapidly since independence, but railway and road transport are of primary importance. The state or central government road network is in reasonably good condition except that the design life of some of these roads has been exceeded. Rural government and district administration roads, most of which are in the TTL areas were seriously affected by the war and lack of maintenance. Many will require reconstruction, strengthening or extension to new areas. The Central Mechanical Equipment Department (CMED) which is vital to successful reconstruction and maintenance of the road network is presently understaffed and in need of a new plant and equipment. A road program to improve and extend rural roads, restore CMED's capabilities and strengthen some state roads could cost Z$340 million over the next five years. Some capital expenditures could be financed from abroad. However, insuring adequacy of resources for recurrent costs, notably for maintenance, is crucial. This requires close cooperation between the operating ministries, EPD, and the Ministry of Finance. In view of the likely size of the road program for the rural areas, it is important that the Government reduce the import content of such expenditures by choosing more appropriate, labor-intensive technologies to build and maintain rural roads.

xxvii. The rail network in Zimbabwe is well positioned. National Railway of Zimbabwe, a parastatal company, operates efficiently. Despite this, NRZ runs at a substantial loss each year, mainly because of government-directed subsidies. Post-war reconstruction and improvement requirements for the railways are large. Potential shortages of financial resources and suitably qualified staff are the most pressing issues facing the railways. Financial prospects can and should be improved by increasing tariffs, particularly on subsidized traffic. Improving the staffing situation requires both more

training and some new training facilities. Expanded use of rail routes through Mozambique would shorten the distance to the sea and reduce transport costs. This would benefit not only NRZ' financial position but growth of the economy as well.

xxviii. Most of Zimbabwe's past energy requirements have been supplied from non-oil sources, mainly fuelwood, coal, and hydroelectric generation facilities. Nonetheless, the cost of imported petroleum has been 20 to 30 percent of the total import bill in recent years. The country has large coal reserves and is situated in a region of considerable hydroelectric potential. Energy demand can be expected to rise significantly. Supply increments will rely on coal/thermal- or hydro-generated electricity. However, the Government has not yet determined the appropriate pace of development of additional energy supplies. This matter is crucial since potential investments are huge, quite possibly an unacceptably large percentage of gross domestic investment. Once agreement is reached on the appropriate pace of energy development, it is still necessary to undertake economic studies to determine the least-cost combination of coal-fired thermal- and hydro-generation facilities. Although most energy prices in the country have increased and appear appropriate, electricity charges are too low. These must be raised if conservation is to be encouraged and the sector is to generate a portion of its investment requirements. The dwindling availability of fuelwood is another problem. Its solution will require investments either for afforestation or rural electrification.

xxix. Average levels indicating availability of basic needs services such as education, health, housing, water and sanitation, give the misleading impression that Zimbabweans are relatively well off compared to other African countries. These averages hide serious disparities. Extension of improved basic needs services, mainly to rural dwellers, is a fundamental requirement for a more equitable development. There are important gaps in the areas of secondary, technical and adult education. Curative facilities in urban areas are well developed but those in the rural areas are much poorer. Access to primary, preventative health care is lacking throughout the country. The urban bias in provision of basic needs is also evident in the provision of water and sanitation which virtually does not exist in the rural areas. Finally, there is a substantial unmet demand for low-cost housing, most notably in the urban areas.

xxx. Aggregate expenditures for basic needs services in Zimbabwe compare favorably with other African countries. Use of such facilities is much more restricted, however, implying that a limited number of people have access to very good facilities. Prevailing user charges are at or below costs of provision. Basic needs services can be expanded somewhat by increasing access to existing facilities. However, for the most part, readuction of disparities will require more facilities, something which implies greater expenditures. Allocations of tax-generated public funds for this purpose will undoubtedly expand, but in view of the extent of the disparity and of the requirements, the Government should increase user charges for the richer segments of the population. This would reduce subsidies in many instances (e.g., health) and generate reallocable surpluses in others. Expanded provision of basic needs services will also require some reorganization of existing institutions and, importantly, a change in the orientation of people providing such services so that they become willing to operate in rural and remote areas.

ZIMBABWE

COUNTRY ECONOMIC MEMORANDUM

I. THE MACROECONOMY

A. The National Accounts

1. At the time of Unilateral Declaration of Independence (UDI) in November 1965, the economy of Zimbabwe was strong, diversified and considered to have excellent potential for rapid development. For the first nine years after the illegal declaration of independence, sanctions and the war had little impact on the economy which continued to grow and diversify. After 1975, however, the war and external events began to have negative influences on the economy. Conscription into the army for six months out of every year caused considerable disruption of the economy's productive base. Declines in investment, and the real value of imports, coupled with a fair amount of monetary and fiscal stringency resulted in reductions in aggregate supply and demand beginning in 1975. Declines in agricultural output are generally blamed on two midseason droughts in 1978 and 1979, but other factors, most notably the effects of the war, were influential. Significant declines were also registered in the construction, manufacturing and transport sectors. Generally, the mining sector, especially if coupled with mineral processing, held up well and even expanded during the mid-1970s. The economy rebounded strongly in 1980.

Changes in Product and Income

2. In current prices the GDP of Zimbabwe (table 1) is estimated to have been Z$2,627 million in 1979, implying, using the projected population of 7.2 million, current GDP per capita of Z$365. Real growth between 1965 and 1974 was excellent, averaging 7 percent per year and far outstripping population growth. Thereafter, foreign exchange shortages, call-ups of personnel for service in the army, two droughts, lower investment and greater government consumption for defense all contributed to declines in economic activity. The average 2.6 percent per year decline in real GDP between 1974 and 1979, combined with a continued increase in population, reduced real per capita GDP back to its 1965 level.

Table 1: ZIMBABWE--GROSS DOMESTIC PRODUCT, POPULATION AND GROSS DOMESTIC PRODUCT PER CAPITA--SELECTED YEARS

	1965	1974	1978	Preliminary 1979	Average Annual Growth Rates (%) 1965-74	1974-79
Current GDP (Z$ million)	737	1,859	2,337	2,627	10.9	7.2
GDP in 1965 prices (Z$ million)	737	1,357	1,186	1,187	7.0	-2.7
Population (million)	4.5	6.1	6.9	7.2	3.5	3.5
Current GDP per capita (Z$)	164	305	339	365	7.2	3.6
GDP per capita, 1965 prices (Z$)	164	223	171	165	3.5	-6.2

Source: Statistical Annex, table 2.04.

3. Indications are that gross national product (GNP) and income (GNY) began increasing again late in 1979. The upsurge continued to strengthen during the first part of 1980, and preliminary estimates for GDP for the first part of 1980, suggest that growth in real GDP for the year could be eight percent. The growth will be generally broad based with the most significant contributions coming from the mining, manufacturing and distributing sectors. It is further anticipated that agriculture will recover somewhat and that the transport and services sectors will improve their performance over that of the 1979 year.

The Structure and Distribution of Product and Income

4. The structure of current GDP remained fairly constant from 1965 to 1974 with the exception that the manufacturing sector's contribution to GDP rose from 20 to 24 percent of the total (table 2). Thereafter, one significant change was a decline in the current value of output of the agricultural sector such that its contributions to GDP declined to 12 percent in 1979. Another was that large increases in public administration and defense expenditures caused this sector's share of GDP to rise to 11 percent in 1979. Within the agricultural sector, decreases in maize output were of most significance, a situation which should reverse itself somewhat now that the war and the droughts are over. In mining, sales of abestos became more significant from 1974 to 1978, while very large increases in gold prices raised the significance of that metal to current mining values in 1979. The major manufacturing subsectors (that is, food products, drinks and tobacco, cotton ginning and textiles, clothing, chemical products and basic metals) all increased their value added, measured in current terms, even during the 1974 to 1979 period. Measured in real terms, however, output declined indicating that excess capacity exists in these subsectors. Similarly, value added in construction, electricity and water, and most service sectors, stagnated or increased only slightly in current terms thus declining in value in real terms.

Table 2: ZIMBABWE--GROSS DOMESTIC PRODUCT (FACTOR COST) BY INDUSTRY OF ORIGIN

(Z$ million and percent)

	1965		1974		1979	
	Value	(%) Share	Value	(%) Share	Value	(%) Share
Agriculture and Forestry	123	(18)	316	(18)	305	(12)
Mining	48	(7)	134	(7)	193	(8)
Manufacturing	135	(20)	422	(24)	609	(25)
Other Industry a/	114	(17)	263	(15)	360	(15)
Distribution, Hotels and Restaurants	104	(15)	258	(14)	290	(12)
Public Administration and Defense	39	(6)	109	(6)	270	(11)
All Other	120	(17)	287	(16)	430	(17)
Total	683	(100)	1,789	(100)	2,457	(100)

a/ Electricity, water, construction, transportation and communications.

Source: Statistical Annex, table 2.01.

5. During the 1970s, wages as a percent of gross domestic income fell from 55 percent to 50 percent (1970-1974) when growth rates were high (Statistical Annex, table 2.01). The share of wages then rose to 60 percent between 1975 and 1979, when growth rates were low. Changes in the share of profits, the other component of GDY behaved in an opposite fashion. Real levels of private consumption and investment rose through 1974, and fell through 1978. However, steady increases in government consumption throughout the decade have led to declines in investment as a share of total domestic demand, especially since 1974.

6. Although reliable data on income distribution are unavailable it is clear that the distribution of income and assets between Africans and non-Africans (European, Asian and Coloured) is tremendously skewed toward the latter. African wages are on average about 10 percent of those of non-Africans. Crude income estimates suggest that the average income for Africans was about Z$105 per capita in 1978, while that for non-Africans equalled about Z$5,500. 1/ Data on the ownership of productive assets are also incomplete,

1/ These estimates were done by assuming that African income consisted of African wages plus the imputed value of subsistence income. The income for non-Africans was assumed to consist of the wages paid to non-Africans plus nearly all of the gross operating profits in the economy.

but again, it is quite clear that the ownership of productive assets is skewed in favor of non-Africans. Although the importance of foreign ownership may complicate the picture regarding asset ownership, it is probable that the distribution of land ownership reflects the overall situation. If one divides the land allocated for African use by the current African population and the acreage allocated to non-Africans by that population, it appears that there are at present 2.5 hectares of farm land per African as opposed to 65.2 hectares per non-African.

Savings and Investment

7. Gross investment, measured in current terms, as a percentage of GDP rose in the late 1960s and early 1970s from 20 percent to a high of 30 percent in 1975. Thereafter, the share of GDP devoted to investment fell rapidly to about 16.5 percent in 1978 but increased slightly, to 17.3 percent in 1979. In real terms (1965=100) gross investment rose steadily to Z$297 million in 1974, but declined by 50 percent, to Z$140 million, over the next 4 years. Indications are that real investment in 1979 was about Z$200 million equal to the real level in 1970.

8. Between 1970 and 1978, the share of total investment undertaken by companies has remained at about 35 percent of the total (table 3). Because of declines in the share of investment by other sectors, the share of investment undertaken by Government rose. The most significant shift in the pattern of investment has been an increase in the share of capital formation by the mining sector. Between 1974 and 1978, investment for mining activities rose from 8 percent to 20 percent of the total. At the same time manufacturing investment fell drastically. The probable significance of this is that the manufacturing sector now faces significant investment requirements for replacement if its capacity and productivity are to be maintained.

Table 3: ZIMBABWE--INVESTMENT AND SAVINGS BY SECTORS--SELECTED YEARS

(Z$ million and percent)

	1970		1974		1978	
	Value	(%)	Value	(%)	Value	(%)
Investment by						
Personal Sector	26	(12)	49	(9)	27	(7)
Companies	77	(34)	182	(35)	129	(34)
Government	40	(18)	96	(18)	107	(28)
Public Corporations	24	(11)	78	(15)	45	(12)
Other a/	10	(4)	-12	(-2)	-1	-
Increase in Stocks	47	(21)	128	(25)	73	(19)
Total Investment = Savings	224	(100)	521	(100)	380	(100)
Savings by						
Personal Sector a/	42	(19)	78	(15)	213	(56)
Companies	118	(53)	231	(44)	164	(43)
Government	24	(11)	48	(10)	-122	(-32)
Public Corporations	16	(6)	52	(10)	74	(19)
Other Domestic	11	(5)	32	(6)	63	(17)
Net Borrowing from Abroad	13	(6)	80	(15)	-12	(-3)

a/ Including statistical discrepancy.

Source: National Accounts of Zimbabwe-Rhodesia, 1978.

9. Savings, at least until 1977, was undertaken mainly from domestic sources most frequently by the sector engaged in the investment activity (table 3). The 1971, 1974 and 1975 years were the only ones since 1965, when savings from abroad was significant. In these years imported savings equalled from 15 to 20 percent of total investment. Preliminary indications are that 1979, was also a year when imported savings financed a considerable share of investment.

10. Patterns of savings shifted in 1977, in that the share of the savings provided by the personal sector began to rise significantly (table 3). Whether this is a significant longer-run development is difficult to assess. Beginning in 1978, the Central Government ran large deficits on current account, thus becoming an important dissaver. However, uncertainties and/or shortages of consumer goods may also have stimulated personal savings.

B. Trade and the Balance of Payments

The Balance of Payments

11. The foreign exchange regime of Zimbabwe during the 1970s was such that deficits of any significance on current account occurred only in the 1974, 1975 and 1979 years. Usually, government limits or imports insured balance of trade surpluses of sufficient magnitude to offset deficits on the service account. The result was current account balances close to zero (table 4). Exports in current terms have grown at an average annual rate of 11.4 percent per year during the 1970 to 1979 period, faster in the early 1970s, but at a respectable rate of 7.6 percent during the 1975-1979 period. The current value of imports grew somewhat more slowly at 9.9 percent per year on average. Outflows of services, including investment income, began rising rapidly after 1972, slowed again between 1975 and 1978, then rose again in 1979. Generally, freight, insurance and other related charges are a relatively low percent of the f.o.b. value of imports. This suggests that the effects of sanctions, if any, show up in prices paid for imports rather than on the services account. Financial transfers abroad jumped to a relatively large negative figure in 1974 and 1975, but then, as table 4 shows, stabilized as controls tightened.

Table 4: ZIMBABWE--SUMMARY BALANCE OF PAYMENTS, 1970 AND 1975-79 a/

(Z$ million)

	1970	1975	1976	1977	1978	1979
Trade balance	24	44	155	140	188	131
Exports, f.o.b.	273	526	563	554	627	717
Imports, f.o.b.	249	482	408	414	439	586
Services (net)	-34	-134	-127	-136	-145	-173
Freight and insurance	-19	-57	-37	-39	-42	-45
Fares	-1	-17	-20	-23	-23	-18
Other transportation	19	27	37	36	30	30
Travel	-5	-23	-28	-34	-40	-60
Investment income	-19	-41	-52	-45	-35	-37
Other services	-9	-23	-26	-32	-34	-43
Unrequited transfers (net)	-3	-26	-23	-15	-16	-19
Private	3	-26	-23	-15	-16	-19
Of which: (Migrant funds)	(1)	(-14)	(-15)	(-12)	(-14)	(-13)
(Pensions)	(-2)	(-2)	(-4)	(-5)	(-5)	(-10)
Official	--	--	--	--	--	--
Current account	-13	-116	5	-11	27	-61
Capital (net)	18	84	15	8	78	82
Government	1	-4	-4	-6	68	118
Public Corporations	-3	-2	3	-2	-4	-6
Private	19	+90	16	16	14	-30
Overall balance	5	-32	20	-3	105	21

a/ Totals may not add up because of rounding.

Source: Statistical Annex, table 3.01.

12. In the early 1970s, the capital account consisted mainly of flows to offset current account deficits or surpluses and was thus fairly inactive. Things changed after 1973 as first large private (1974-78) and then large government (1978 and 1979) external borrowing occurred. The government borrowing not only offset the balance on current account deficit but, in 1979, offset negative private capital outflows. The government borrowing was more than enough to finance the outflow requirements, however, with the result that it also allowed a significant positive overall balance, meaning, most probably, a buildup in the value of Zimbabwe's international reserves. Continued foreign exchange shortages during 1980 suggest that the Government will again restrict imports in order to contain the current account deficit

to about its size in 1979. Nevertheless, import values should be considerably higher in 1980, both because of higher exports and because for the first time since UDI financial transfers to the Government will be positive and large enough to more than offset private transfer outflows.

Reserves and External Debt

13. At the end of 1979, Zimbabwe's gross international reserves, most of which are held by the Reserve Bank of Zimbabwe, totaled Z$181 million. At mid-1980, this had risen to something like Z$215 million or about 2.5 months of estimated 1980 imports of goods and non-factor services. The Government's external indebtedness was Z$451 million as of August 1980. This amount includes Z$361 million of officially contracted longer-term debt and Z$90 million arising from a negotiated settlement of arrears obligations which were the result of the previous Government's refusal to allow remittances of debt service payments to certain countries. The external indebtedness figure does not, however, include foreign exchange obligations resulting from previous restrictions on repatriation of certain monies by private individuals and companies.

Exports and Imports

14. As table 5 indicates, the volume of exports during the period of UDI declined and then expanded such that in 1979, exports in real terms were slightly higher than in 1975. The real level of imports was essentially maintained until 1975, but then declined rapidly thereafter as the terms of trade turned sharply against Zimbabwe. These adverse movements in the terms of trade are similar to those experienced by many other developing countries and are due mainly to oil price increases coupled with the economy's need to maintain petroleum imports to pursue the war effort.

Table 5: ZIMBABWE--SUMMARY OF INDICES OF VOLUME, UNIT VALUE AND TERMS OF TRADE--SELECTED YEARS

(1964=100)

	Volume Index		Unit Value Index		
Year	Imports	Exports	Imports	Exports	Terms of Trade
1965	107	113	104	104	100
1970	91	94	119	102	86
1974	115	123	177	149	84
1975	109	115	195	160	82
1979	67	118	379	212	56

Source: Monthly Digest of Statistics, April 1980.

15. Table 6 presents the values and composition of exports for selected years. The table indicates that during the period of UDI the most significant development has been the increase in the relative share of mining exports when

mining exports are defined so as to include the processing of mineral materials. The figures for 1979 probably understate the potential for agricultural exports, in as much as 1978 and 1979 were poor years for agricultural production. It is probable that if 1980 is a normal agricultural year, the composition of exports will change so that manufactured goods, excluding activities related to mining, constitute about 12 percent of exports, and agricultural items and mineral and processed mining goods constitute 42 percent and 46 percent respectively of the total.

Table 6: ZIMBABWE--COMPOSITION OF EXPORTS, SELECTED YEARS a/

(Z$ million and percent)

	1964		1970		1975		1979	
	Value	(%)	Value	(%)	Value	(%)	Value	(%)
Agricultural b/	111	(45)	90	(35)	227	(46)	258	(38)
Mining c/	78	(32)	125	(48)	210	(42)	339	(50)
Manufacturing	37	(15)	32	(12)	49	(10)	43	(6)
Other	18	(8)	11	(5)	20	(2)	39	(6)
Total	244	(100)	258	(100)	497	(100)	679	(100)

a/ There is no generally agreed upon way of classifying trade data according to the categories agriculture, mining and manufacturing. As a result, the composition of exports or imports can differ depending on the classification used. For instance, if the Government's own trade classification is used, the composition of exports for 1979 would be agriculture, 19 percent; mining, 34 percent; and manufacturing, 47 percent. On the other hand, if manufactured goods are defined in terms of Standard International Trade Classification (SITC) codes 5, 6 (less non-ferrous metals and ferrochrome), 7, and 8, and agricultural produce is defined in terms of SITC codes 0 and 1, a portion of 2 and 4, then the composition of exports for 1979 would be agriculture, 39 percent; mining, 40 percent; and manufacturing, 21 percent.

b/ Defined as edible food and fats plus non-edible agricultural output such as tobacco, cotton, forestry products, etc.

c/ Defined as crude materials and minerals, gold and processed mining materials--mainly unfabricated metals. Much of this might, by another classification, be considered manufacturing output.

Source: Various production and transport statistics.

16. The implications of tables 5 and 6 are that the Government was able during the period of UDI to maintain and, indeed, somewhat increase the real value of exports even with the imposition of sanctions. This successful performance is probably explained not so much by the clever use of middlemen as by an export strategy stressing shipment of those products which are difficult to identify as uniquely Rhodesian, either because they are technically standardized (e.g., mining-related exports) or very similar to the exports of Zimbabwe's neighbors (e.g., mining-related exports again, plus agricultural products such as maize, sugar, beef, cotton, etc.). The result, is that exports shifted so that more of the above-mentioned products were exported relative to tobacco with, overall, an increase in the importance of exports of mining-related products. The decline in the exports of processed goods not related to mining is most importantly explained by the need for import substitution which was vigorously and successfully carried out during the period of sanctions.

Table 7: ZIMBABWE--ESTIMATED COMPOSITION OF VISIBLE IMPORTS, 1964, 1974 and 1979

(Z$ million and percent)

	1964		1974		1979	
	Value	(%)	Value	(%)	Value	(%)
Consumer Goods	48	22	84	19	57	10
Intermediate Goods	125	59	242	55	393	72
Petrol & Electricity	(12)	(6)	(45)	(10)	(163)	(30)
Other	(113)	(53)	(197)	(45)	(230)	(42)
Capital Goods	43	19	112	26	99	18
Total	216	100	438	100	549	100

Source: Statistical Annex, table 3.04, and mission estimate.

17. The recent declines in GDP are significantly related to the fall in the real value of imports and to changes in the composition of imports. The latter was mainly due to oil price increases and the import requirements of the war. These factors caused a significant decline in the availability of imported intermediate inputs needed by processors, leading to underutilization of capacity. Additionally, the imports of capital goods also declined resulting in falls of investment. The import situation changed as indicated in tables 7 and 8 which compare 1964 figures with those for 1974 and 1979. One major change is the reduction in the importation of consumer goods, the

result of the push for import substitution, so that in 1979 their real value equalled 48 percent of that in 1964. A second change is the remarkable increase in the share of the total cost of imports which were spent on petroleum. The main impact of this has been to reduce the imports, in real terms, of intermediate goods other than petroleum such that these non-petroleum intermediate imports were in 1979 equal to about 70 percent of their 1964 level. The real value of capital imports fell to about 64 percent of its 1964 levels.

Table 8: ZIMBABWE—INDICES OF VOLUME OF IMPORTS, 1974 AND 1979

(1964 = 100)

	1974	1979
Food	35.7	15.1
Beverages and Tobacco	17.6	11.9
Crude Materials	124.9	75.7
Fuels and Electricity	158.7	151.9
Oils and Fat	85.3	49.9
Chemicals	153.2	111.2
Machinery, Transport Vehicles and Spares	130.0	60.9
Materials for Intermediate Consumption	136.1	74.5
Goods for Final Consumption	69.9	48.9
Total	114.6	66.9

Source: Government trade data.

18. During the first part of 1980, export prices have risen considerably more than import prices, allowing an improvement in the terms of trade. The resulting increase in foreign exchange earnings coupled with greater inflows from transfers and the capital account has enabled something like a 40 percent increase in the real value of imports in the first half of 1980 over 1979. The need, for the first time, for food imports and larger imports of other consumer goods and petroleum has suppressed increments in capital goods and non-oil intermediate imports somewhat.

The Foreign Exchange Regime

19. The Reserve Bank of Zimbabwe is responsible for the administration of an extensive set of foreign exchange regulations. The foreign value of the Zimbabwean dollar is determined by the Reserve Bank with reference to the movement of a "basket" of other currencies. Approval for all foreign exchange transactions must be obtained from the Reserve Bank through an authorized commercial or merchant bank in Zimbabwe. For the most part, foreign exchange may not be purchased as an asset (e.g., for speculative or investment purposes), but must be used to import goods or services. Although the provision of foreign exchange is the responsibility of the Reserve Bank, the Ministry of Commerce and Industry is responsible for the allocation of foreign exchange. All foreign exchange earned due to the export of goods or services must be deposited with the Reserve Bank within 90 days.

20. The repatriation of overseas investment funds and profit accruals is complicated but generally somewhat more liberal than in surrounding African countries. Disinvestment of capital received in Zimbabwe subsequent to June 1, 1979, through normal banking channels from anywhere in the world may be repatriated after a period of 2 years less any income or dividends remitted during the 2-year period. The balance is then transferable through the medium of the 4 percent government bonds procedure over 6 years in equal annual installments. The dividends of non-resident individual shareholders may be remitted up to 100 percent of the after-tax profits but this is subject to a 20 percent non-resident shareholders tax. Dividends in respect of non-resident company shareholders may be remitted up to 50 percent of the after-tax profits which would then be also subject to the non-resident shareholders tax of 20 percent.

C. Employment and Wages

Employment

21. As a rough estimate, 1/ Zimbabwe's labor force numbers about 2.7 million people of which an estimated 1.4 million earn their livelihood by non-wage agricultural activity. Total formal sector employment in 1979 was about 990,000 people with another 101,000 people estimated to be casual, seasonal or contract workers. Although these figures are rough approximations, they suggest that about 92 percent of the labor force is employed, 37 percent of it in the formal wage sector. The remainder of the labor force, about 201,000 persons would, by this logic, be considered unemployed giving a gross unemployment rate of 7.4 percent. Estimates are that the current rate of growth of the labor force is 2.9 percent per year. On the basis of this, the size of

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1/ There are several different estimates of Zimbabwe's work force size, labor force growth rate and the number in non-wage agricultural activities. These are based on the World Bank's World Tables (2 ed., 1980), Series IV. Social Institutions, Table 5.

the labor force growth rate implies that new entrants into the labor force will number about 78,000 in 1980, and will rise to about 100,000 per year by the year 1986. If these annual increments are accumulated and added to the presently unemployed, the economy must provide over 750,000 new jobs by 1986. This is a tall order and points to employment creation as a major issue for the eighties.

22. Between 1964 and 1975, total wage employment grew from 736,000 persons to 1,055,000 persons or at an average annual rate of 3.4 percent per year. During the same time span real GDP grew at 5.9 percent per year meaning an elasticity of about 0.6. Between 1975 and the end of 1979, the years of declining GDP, the number of employed fell by 65,000 people. Thus at the end of 1979, employment was 990,000 persons of which 876,000 or 88 percent were African and 113,000 were non-African (e.g., European, Asian or Coloured). Of the Africans, about 690,000 (79 percent) are Zimbabweans. The rest come from neighboring countries, mainly Malawi, Mozambique, and Zambia. There are also Zimbabweans working in other countries, notably South Africa, where perhaps as many as 200,000 may be working in the mines. A very high percentage (42 percent) of the non-African population in Zimbabwe is employed. The proportion of the African population which is employed in the formal wage sector is much lower, about 13 percent. Although this figure is relatively low by comparison to that of the non-Africans, it is still higher than in most other independent, English-speaking African countries.

23. About 38 percent of formally employed Africans work in the agricultural sector. The manufacturing and domestic service sectors are of secondary importance. Of the non-African labor force, three sectors (manufacturing, public administration and distribution and restaurant and hotels) employ about 16 percent each. The transport and communications sector employs an additional 12 percent of the work force.

Cash Compensation and Wages

24. Disparities in compensation exist between African and non-African workers and between sectors for both work forces. Table 9 gives an approximation of these differences but understates wages due to the omission of an evaluation of income received in kind. On average, cash compensation to non-Africans exceeds that to Africans by a factor of 10. The relative rankings within each work force are disparate; Africans tend to receive comparatively high pay for work in the finance, education and health sectors while, conversely, non-African workers in these sectors are paid relatively low salaries.

Table 9: ZIMBABWE--1978 AVERAGE ANNUAL CASH EARNINGS FOR EMPLOYEES BY SECTOR AND RACE

Sector	Africans		Non-Africans	
	Average Earnings Z$	Rank a/	Average Earnings Z$	Rank a/
Agriculture and Forestry	249	13	6,600	7
Mining	721	11	8,763	1
Manufacturing	1,039	7	7,281	4
Electricity and Water	1,130	6	8,158	3
Construction	817	10	6,667	6
Finance, etc.	1,933	1	6,408	8
Distribution, Hotels and Restaurants	932	8	5,279	10
Transport and Communications	1,342	4	6,831	5
Public Administration	1,240	5	8,531	2
Education	1,600	2	5,956	9
Health	1,447	3	4,467	12
Domestic Services	449	12	--	--
Other	830	9	5,190	11
All Sectors	633		6,696	

a/ Highest cash compensation = 1, lowest = 13 for African and 12 for non-African.

Source: Statistical Annex, table 1.05.

25. Until recently there was no national minimum wage. Sectoral minima were determined by annual negotiations between representatives of employees, employers and the Government. After agreement, the minima were gazetted and thus became official. In May 1980, this was changed when the Government announced national minimum wage levels which, in practice, apply mainly to African workers. Now the basic minimum wage for urban workers is to be Z$70 per month beginning July 1, 1980, and Z$85 per month from January 1, 1981. Exceptions to the July 1 wage are domestic and agricultural workers who are to get Z$30 per month, and mining workers who now receive an estimated average non-cash benefit of Z$27 a month thus making their minimum cash wage Z$43 per month until January 1981 and Z$58 per month thereafter. These are generally below the previous sectoral minima. It is thus the Government's takeover of the minimum wage determination process and the expectation of further increases rather than these minima which will have an impact on the demand for labor.

26. Although many employers voice concern regarding the Government's assumption of the responsibility for determining minimum wages, the extent to which this could affect production and the distribution of income depends significantly on which of two views the Government adopts in establishing wage minima. One view, as expressed in the 1980/81 budget speech, focuses on the importance of increasing employment in order to increase African incomes and production. If carried further this view could lead to a concern for insuring continued economic development, and an appropriate price of labor relative to capital such that family incomes and the distribution of incomes can be improved by expanding the number of workers and their productivity. An alternative is more nearly reflected in the terms of reference of the Committee of Enquiry on Income, Prices and Conditions of Service. These terms of reference, which are reproduced as Appendix I to this report, are wide ranging but focus mainly on the impact of wages and prices on the distribution of income rather than on production and employment. In this sense, these terms of reference can be viewed as static rather than dynamic; their main concern appears to be the living conditions of the present population and labor force, rather than the welfare of an expanding labor force and consumer population.

D. Public Finance

The Central Government Budget 1/

27. Total central government revenue during the seventies has been growing rapidly, at an average annual rate of 13 percent per year or faster than current GDP. Generally, direct taxes have provided about 45 percent of revenue (table 10), indirect taxes another 33 percent and non-tax sources 22 percent. Average elasticities for both direct and indirect taxes are high, equal to about 1.3. The rates of direct taxation are relatively low compared to other African countries, especially for personal income tax, where the top marginal rate of 45 percent begins on incomes of about Z$15,000-17,000. The company profits tax including a 15 percent surcharge is 51.75 percent. Customs duties are no longer significant, either for revenue or for protection

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1/ Local government revenues independent of transfers from the Central Government and elsewhere have averaged Z$53 million over the last four years. Recurrent expenditures in the same four-year period averaged Z$70 million per year, lower in 1976 and 1977, and higher in 1978 and 1979. Local government capital expenditures added an average of Z$41 million to this. The implications of these figures are that local government revenue collections add about 9 percent to central government revenue, and local government recurrent expenditures are about 10 percent of the Central Government's. More significantly, local government capital expenditures were an average, for the last four years, of 69 percent of central government investment.

since they constituted only 4 percent of the f.o.b. value of imports in 1979. The high elasticity of the tax system is indicated by the fact that income tax collections fell in calendar years 1978 and 1979 (FY78), when economic activity declined most dramatically. Even though no significant new tax measures were introduced for the 1980/81 budget, expectations are that there will be rapid increments in tax revenues if a growth rate of 4-6 percent is achieved in 1980/81.

28. Total government expenditures and lending have risen much faster than revenue (table 10) at an average annual rate of 20 percent per year through 1979/80. This has caused the Government to run larger and larger deficits beginning in FY76. In general, the role of Government in the economy, whether measured by revenue collection, expenditures or deficits, has increased. In FY71 the deficit was nil and revenue collections and expenditures were both about 18 percent of GDP. In FY79 the deficit amounted to nearly 14 percent of GDP while revenue and expenditures were 23 and 37 percent, respectively, of GDP at market prices. A rough estimate of FY80 GDP suggests that similar percentages will apply for that fiscal year. Financing of deficits involved, in the earlier years of the 1970s, borrowing mainly from the non-bank public. Later, as the deficits became more significant, heavier use was made of foreign borrowing and borrowing from the banking system. It is apparently the case that some of the monetary implications of recent borrowings from abroad and the banking system have been offset by government buildups of cash balances with the Reserve Bank of Zimbabwe. However, indications are that such balances may be reduced during FY80.

29. The composition of government expenditures has changed during the seventies as tables 10 and 11 show. Faster-than-average growth in expenditures for defense, which increased at an annual rate of 35 percent per year, and subsidies and grants, which increased at 25 percent per year on average, expanded the significance of these components relative to other uses of government resources. Expenditures on social services (education, health, housing, etc.) declined only slightly in relative terms, meaning that absolute and thus quite large relative cut backs occurred in public expenditures on economic services, notably agriculture, commerce and industry.

30. Ideally, both of these major components, defense (including internal security) and transfers (mainly subsidies and grants) should decline after independence. In reality it is most likely that they will both continue to be significant users of government resources. Although there was initially talk of saving Z$150-200 million on defense expenditures after independence, it now appears that the army will have to be much larger than initially anticipated, perhaps double its former size of 28,000 persons. The result is that for the next few years a slow down in the increment in expenditures for defense and internal security is the best that can be hoped for.

Table 10: ZIMBABWE--SUMMARY OF CENTRAL GOVERNMENT FISCAL OPERATIONS, SELECTED YEARS

(Z$ million for years ending June 30)

	71/72	76/77	77/78	78/79	79/80	Estimate 80/81
Revenue a/	244	531	610	580	674	863
of which:						
Income Tax	(104)	(280)	(288)	(261)	(316)	(407)
Sales & Excise Tax	) -- (77)	(137)	(172)	(183)	(213)	(234)
Customs Duty	)	(24)	(23)	(22)	(22)	(42)
Non-Tax Revenues	(43)	(81)	(117)	(105)	(113)	(164)
Expenditure						
Recurrent	141	311	411	482	604	626
Transfers	87	212	274	324	368	519
(Interest & Pensions)	(37)	(66)	(82)	(110)	(118)	(170)
(Subsidies & Grants)	(41)	(143)	(189)	(212)	(245)	(331)
Capital	22	68	60	54	55	82
Gross Long-term Loans & Investment	42	38	38	28	30	60
Short-term Lending (net)	-42	33	-3	-6	7	13
Total	250	662	780	881	1,064	1,300
Deficit	6	131	170	302	390	437
Gross Financing Requirements b/		224	238	365	487	576
Financing						
Long-term Loan Recoveries	15	22	18	13	13	12
External	--	--	70	129	97)	
Domestic					) ------	564
Banking System	15	45	19	48	123)	
Other c/	-14	157	131	175	254)	

a/ Excluding recoveries from long-term loans and investments, and flows and extraordinary income.
b/ Deficit plus contributions to sinking funds and refinancing of maturing debt.
c/ Including non-Bank sources, short-term borrowing, changes in cash balances and for 1978/79 and 79/80, the National Defense Levy.

Source: Statistical Annex, table 5.01.

Table 11: ZIMBABWE--COMPOSITION OF CENTRAL GOVERNMENT EXPENDITURES--SELECTED CALENDAR YEARS

(Z$ millions and percent)

	1970		1974		1979		Average Annual Growth Rate
	Value	(%)	Value	(%)	Value	(%)	1970-79
General Administration & Defense	65	28.5	124	31	400	46	22.5%
(of which Defense & Internal Security)	(38)	(17)	(73)	(18)	(300)	(34)	26.0%
Education and Health	55	24	90	23	165	19	13.0%
Social and Recreational Services	6	3	11	3	42	5	24.0%
Housing and Townships	3	1	4	1	5	0.5	5.9%
Economic Services	65	28.5	116	29	168	19	11.1%
Pensions	7	3	13	3	28	3	16.7%
Public Debt	24	10.5	36	9	63	7	11.6%
Other	3	1.5	4	1	3	0.5	-
Total	228	100.0	398	100	874	100.0	16.1%

Source: Economic Surveys and National Accounts Publications.

31. For the last four fiscal years, including the present one, subsidies have been between Z$100-120 million. Generally about Z$35-40 million of this has gone to the railway to subsidize transport costs of a few items such as coal, internally-shipped agricultural products, and some exports. Another big share of these expenditures, estimated at about Z$77 million in 1980/81 is for agricultural subsidies. Prior to the 1979/80 year, these expenditures represented mainly producer subsidies for exported crops. In 1979/80 and 1980/81 however, a shift occurred and most of the allocations became subsidies for urban consumers of maize, beef, milk and edible oils. Several other subsidy payments have been made including about Z$6-10 million a year for export subsidies to earn additional foreign exchange.

32. Grants have steadily become a more important budgetary item during the seventies such that their cost now exceeds that of subsidies. They are an important source of finance for education, health, and local government. Additionally they provide varying proportions of the resources used by many of the country's special funds. These funds are established as separate financial entities for the purpose of doing just about anything. Few of these funds have much of an impact when taken separately. 1/ Taken together, however, they are important in expanding and extending the provision of governmental and quasi-governmental services.

33. Events of major fiscal importance since independence include the submission of the first central government budget (FY80), the establishment of the National Fund for Rehabilitation and Reconstruction, and the expressed intention of placing responsibility for allocation of capital expenditures with the newly created Ministry of Economic Development and Planning. As expected, the first budget of the new Government has increased, relatively speaking, expenditures for health, education, housing and land settlement. Total budgeted expenditures were increased 22 percent above the FY79 totals with the largest increment being transfer items. Capital expenditures plus gross long-term loans and investments in the FY80 budget were raised to Z$142 million or 55 percent over their average for the past four years. No new revenue measures of significance were introduced at budget time. The result is the continuation of large deficits and a significant government borrowing requirement.

Public Debt

34. Over the last four fiscal years, up to June 30, 1980, total public debt has doubled, to Z$1.67 billion, or about 57 percent of estimated GDP for the fiscal year. Precise figures for external indebtedness, as of June 30, 1980, are presently unavailable but, as previously indicated, external debt in mid-August 1980 was Z$451 million. This would make it equal to 27 percent of the total debt figure. Most of the domestic debt is held as government stocks and bonds with maturities varying from five to thirty years. About 16 percent of the domestic debt is held in the form of treasury bills. Recent stock and bond issues of shorter maturity have carried interest rates of 5.5 percent to

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1/ An exception is probably the African Production and Marketing Development Fund which has provided production and marketing services in the Tribal Trust Land (TTL) areas.

6.5 percent, rates which have applied essentially since 1965. New bond issues of longer-term maturity, that is of 25 to 30 years, have paid 9 percent interest, a rate not appreciably above the 8.75 percent paid during 1978 but above the rates of about 6.5 percent which were paid from 1965 to 1977.

E. Money, Banking and Prices

35. The Reserve Bank of Zimbabwe, the country's central bank and the Government's banker, and four commercial banks are at the center of the financial system. The commercial banks, all with outside origins, are Standard Bank, Barclays Bank, Grindlays Bank and RHOBANK (formerly the Netherlands Bank of South Africa). Together these banks have over a hundred domestic branches and assets, as of the end of 1979, of Z$768 million or 35 percent of the total assets of the banking sector. 1/ In addition to their commercial banking activities, each of these banks has significant control of some of the more specialized financial institutions in the country.

36. Other institutions of importance, ranked according to their share of assets of the banking sector in 1979, are three building societies with assets of Z$526 million, four merchant banks with assets of Z$478 million, the Post Office Savings Bank (assets Z$247 million), six financial houses, and two discount houses with combined assets of Z$190 million. Together with the commercial banks, these institutions provide savers with a wide range of savings instruments, and bankers and businessmen with a money market, commercial financing, acceptance credits, and medium-term investment loans. They also provide consumers with hire purchase and mortgage facilities. Other financial operations in the country include an Export Credit Insurance Corporation, the Agricultural Finance Corporation, the Zimbabwe Stock Exchange, and a capital market in which insurance companies, trust companies, and pension and provident funds are important traders.

37. The financial system contains four development corporations. Two are private: the Anglo-American Development Corporation, for developing natural resources; and Ipcorn, for lending for industrial and large-scale plantation development. The two others are mainly government owned. One, the Industrial Development Corporation, founded in 1963 is the largest and provides longer-term financial assistance to larger industrial ventures. The other, the Development Finance Company, was established in 1979 to help initiate small-scale, mainly African, enterprises.

38. During the 1970s, Zimbabwe's financial and banking system was relatively isolated from international financial influences and generally experienced a situation of depressed demand for domestic credit. As a result, interest rates have generally remained low, usually at or near their levels at the time of UDI in 1965. In the mid-seventies, before government demand for credit to finance deficits increased, sagging private demand caused a slight

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1/ Banking sector is defined as all deposit receiving institutions, excluding the Reserve Bank.

lowering of interest rates (e.g., money market rates) which are demand determined. Some of these interest rates recovered slightly in 1978 and 1979, reflecting the increased demand by the Government for credit. Most deposit and lending rates have not changed appreciably since 1965, undoubtedly reflecting the fact that Zimbabwe's banks have entered into a cartel-like agreement to uniformly establish such rates. Although short-term interest rates have remained low, longer-term rates on government stocks of 25 to 30 year maturity jumped from 6.5 percent to about 9 percent between 1977 and mid-1980. This increase reflects Government's long-term borrowing desires coupled with a general interest by lenders in shorter-term commitments.

39. Not surprisingly, in view of the above, the banking system in Zimbabwe is extremely liquid and the money supply, especially in recent years, has grown rapidly. Table 12 which presents data on liquidity for 1978 and 1979 indicates that liquid assets, especially for commercial banks have grown rapidly and, at the end of 1979 were in excess of requirements by Z$178 million or 18 percent of the money supply. The excess liquidity exists even after the 1979 increases in the reserve requirement ratios for commercial banks (to 35 percent) and merchant banks (to 30 percent).

Table 12: ZIMBABWE--LIQUIDITY POSITION OF BANKING INSTITUTIONS

(Z$ million and percent)

Type of Institution	Assets	Liabilities to the Public	Required Liquidity Ratio a/	Excess Liquidity b/
Commercial Banks				
1979	351	662	35%	119
1978	261	636	25%	102
Accepting Houses				
1979	99	156	30%	52
1978	97	153	20%	66
Financial Institutions				
1979	20	88	15%	6
1978	20	89	15%	6
Total				
1979	470	906	-	177
1978	378	878	-	174

a/ The percentage of liabilities to the public which must be invested in liquid assets.

b/ Liquid assets minus required liability ratio times liability to public.

Source: Executive Guide to the Economy, June 1980, *Quarterly Publication of the RAL Merchant Banks Ltd.*

40. The money supply, broadly defined 1/ reached Z$992 million or 38 percent of GDP at the end of 1979 (table 13). The broad money base increased at about 12.5 percent per year from 1969 through 1979 with little variation in the rate of increase during this period. The composition of money remained relatively stable until 1974; thereafter, there were significant increases in term deposits relative to currency in circulation and demand deposits. Figures for the end of June 1980, indicate that the rate of growth of broad money increased rapidly in 1980, having grown at slightly over 20 percent in the first 6 months of the year alone.

Table 13: ZIMBABWE--MAIN MONEY AGGREGATES

(Z$ Million, end of period)

	1970	1975	1976	1977	1978	1979	1980 (June)
Money and Near Money	306	690	769	810	892	992	1,195
Currency in Circulation	34	67	79	84	95	108	135
Demand Deposits	155	256	272	290	318	355	429
Term Deposits	117	367	418	436	479	519	631

Source: Statistical Annex, table 6.01.

41. The increases in the money base have probably had little influence on inflation, neither fanning it nor suppressing it. The demand for loans by the private sector has been sluggish and general lending rates in the economy, as noted, are a low 5-9 percent or below the current levels of inflation. During the seventies, the velocity of money, again broadly defined, dropped significantly, from about 3.1 to 2.6 with all of the drop occurring since 1974. If presently estimated trends in money GDP and the money supply continue in 1980, the velocity will drop even further, perhaps to as low as 2.5, reflecting even greater liquidity preference caused, most probably, by an unsure business climate in the country.

1/ Currency in circulation plus demand deposits plus term deposits.

Table 14: ZIMBABWE--PERCENTAGE CHANGES IN CONSUMER PRICE INDICES AND THE GDP DEFLATOR

	Annual Averages a/				Sept. 79-
	1965-70	1970-75	1975-79	1979 b/	Sept. 80
Lower Income Urban CPI (1964=100)	1.9	5.1	11.5	13.7	-0.4
Higher Income Urban CPI (1964=100)	2.6	5.3	9.0	13.4	7.3
GDP Deflator (1965=100)	1.9	6.5	10.2	12.3	-

a/ Using average CPI for each year.
b/ Increase during year.

Source: Statistical Annex, table 6.04.

42. Inspite of the large government deficits, excess liquidity in the banking system and the low velocity of money, it appears that inflation has not yet become a serious problem in Zimbabwe. Prices, however measured, increased steadily beginning in the mid-sixties (table 14), but have not been excessive by international standards. It is probable that the main reasons for such low price increments are a series of price control measures which have been effectively implemented coupled with the narrowness of the purchasing power base. Price controls in the economy are pervasive. Most foodstuffs and drinks (e.g., grains, beef, bread, sugar, dairy products, beer, etc., but not vegetables), many inputs (cement, petrol and fertilizer), and several intermediate services (rail and electricity) are controlled directly with a view toward both costs and "fairness." Most other prices are controlled by limiting the percentage markup over cost. Prices of services are not controlled. The result is that inflation, as traditionally measured (e.g., by rising prices), will only show up if the price control mechanisms allow cost increases to be passed on quickly and if excess demand drives up costs rapidly, presumably by spilling over into the service and wage sectors. Otherwise, profits will be "normal" and, in the longer run, inflation will show up as shortages.

43. Shortages have, in fact, been in evidence in Zimbabwe for several years but the relative narrowness of the purchasing base has encouraged a very orderly "queue" system to be established. Retail merchants maintain waiting lists and apparently, have been trusted to serve their customers in sequence. As a result, shortages have not driven up prices. It is possible, however, that renewed growth in income, coupled with wider distribution of purchasing power and consumer goods, will bring about a more normal market condition where shortages drive prices up.

44. Table 14 also presents data for increases in the lower and higher income urban family consumer price index (CPI) for the first three quarters of 1980. The declines shown in the table for 1980 indicate the Government's ability to alter the price indices through changes in fees, charges and taxes rather than an abatement of inflationary pressure. The dramatic drop in the lower-income urban family index reflects a Government decision to reduce education fees, hospital charges, and certain sales and excise taxes. A look at disaggregated indices show that significant price increases occurred for some basics such as beef, soap, household, and transport items. The decline in the rate of increase of the higher-income urban family index was not so dramatic mainly because the decrease in school fees was more than offset by increases in domestic workers' wages and the cost of some building materials.

F. The Programs for Reconstruction and Refugee Resettlement

45. The new Government of Zimbabwe has initiated two programs to deal with the damage and human suffering caused by the seven-year war. The programs are distinguishable from one another partly by their differing aims and partly by their differing sources of finance and modes of administration. Both programs are, for the most part, to be operated independently of the Government's normal budgetary process. The resettlement program is a one-year effort to care for and resettle refugees. The aim of the reconstruction program is to repair or replace damaged or destroyed infrastructure mainly in the African rural areas. The combined cost of the programs is estimated to be about Z$250 million (US$400 million). It is expected that over 90 percent of the funds will come from foreign donors.

The Resettlement Program

46. In April 1980, at the request of Prime Minister Mugabe, the United Nations High Commissioner for Refugees (UNHCR) launched an appeal for funding a humanitarian assistance program to Zimbabwe for refugees and displaced persons. The one-year program was estimated to cost about US$125 million through June 1981 and was designed to meet the immediate needs of more than one million refugees or displaced Zimbabweans. It involves the provision of food, educational materials, transport, shelter, training and basic inputs for subsistence farming, and the repair of basic health facilities, schools, damaged water supplies, access road and bridges. The program includes repatriating some 60,000 refugees from outside Zimbabwe, caring and resettling for around 750,000 people in protected villages 1/ and settling some 400,000 squatters and other displaced persons. The first two elements were largely completed by October 1980 in time for the planning season. The resettlement

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1/ The former Government of Rhodesia initiated the "protected villages" in 1976, as a response to the increasing warfare in the rural areas. By 1979, nearly 600,000 people had been moved from their normal homes into these villages.

program is implemented by the normal government ministries but is coordinated by an interministerial coordinating committee chaired by the Ministry of Finance. A distinct feature of the program has been UNHCR's involvement in mobilizing and coordinating external financing. To date, commitments from external sources of around US$45 million in cash and kind (maize) have been received. 1/

The Reconstruction Program

47. Whereas the resettlement program was restricted to the resettlement areas, the reconstruction program was designed to reopen schools and health facilities, restore water supply, resume cattle dipping services, and stimulate agricultural productivity throughout the former TTL areas. The three year program, FY81-83, is estimated to cost about Z$161 million. It is hoped that 90 percent of the financing will come from external grants or soft loans most of which will first accrue to the Ministry of Finance's extra budgetary National Fund for Rehabilitation and Reconsruction. These monies will then be channeled to either the African Production and Marketing Development Fund (the ADF or African Development Fund for short) or the local councils or the other Ministries concerned. To date some US$67 million has been committed for the three-year program. Most of the expenditures for FY81 will be funded from external sources. Pledges of external funds for 1982 and 1983 are, as yet, scant.

48. The District Administration in the Ministry of Housing, Local Government and Administration is largely responsible for carrying out the reconstruction efforts. Both the ADF and the African councils are part of the District Administration which coordinates the overall planning and execution of the program. The various government ministries concerned work closely with the District Administration and in two instances (education and health) provide funding directly to the African councils for the construction and upgrading of clinics and schools. The ADF is a quasi-governmental agency which, since 1949, has been responsible for the development and maintenance of infrastructure in the TTLs (including construction of roads, bridges, dams, fencing). The ADF employs a large staff of maintenance and technical personnel at the district and provincial level where it operates district and provincial workshops and has over 1,200 transport units. In FY81 it will receive around US$47 million to carry out its part of the reconstruction program; US$40 million is being being financed from external sources and US$7 million is being financed by the Government. 2/

1/ Contributors include the EEC, US, UK, Denmark, Netherlands, Norway, Sweden, Saudi Arabia.

2/ The EEC has pledged US$5.6 million; West Germany, US$17.1 million; USAID, US$2.3 million; UK, US$5 million; and the Dutch, US$4.8 million. In addition to the reconstruction program, ADF is receiving from the Government US$2 million for further development of the TTLs and US$6.8 million to carry out its ongoing maintenance activities.

G. Administration and Planning

49. The ability of the Zimbabwean Government to carry out its expanded national development program will depend on: (a) the presence of effective administration which can respond to the needs of the African majority; and (b) the availability of trained manpower to plan and implement its development programs. Both factors will affect the absorptive capacity of the Government.

Administrative Structures and Procedures

50. It is generally recognized that the white minority administration largely served the interests of the white settlers. In the later years, in conditions of budgetary restraint, little emphasis was given to developing the TTL and civil and military authority were combined in the office of the district commissioner. The role of traditional authorities was subordinate, and effective participatory structures were weak. During white minority rule, a number of programs were initiated to develop the TTLs but most met with limited success: (a) during the period 1927-57, the Rhodesian Government sought unsuccessfuly to introduce individual land tenure and to control grazing, and cattle dipping; (b) in 1957, it sought to revive traditional authorities by creating African councils with chiefs and elected councilmen; and (c) in 1962, it introduced a policy of decentralization and participatory rural administration, appointing new style district commissioners to foster community development (and giving African councils power over primary education, preventive health services, minor road repairs and small agricultural projects.) Inspite of the strengthening of traditional institutions and the election of African councils, the programs continued to be viewed by Africans as largely imposed by the district administration.

51. The outbreak of the civil war suspended most of the development programs and undermined the effectiveness of the District Administration. By the end of the war the newly elected Government inherited a sizeable administrative structure in need of reform--8 provincial offices, 55 district offices, 241 African councils in 165 former TTLs, and a large headquarters staff in the Ministry of Internal Affairs. The district administration was transferred to the Ministry of Local Government and Housing, and it was announced that the old system of administration would be revamped and a uniform system introduced serving both the former TTLs, the African Purchase Areas and European areas. African councils will be replaced by elected district councils and the district commissioners will become advisors and government representatives on the councils. These changes will help to ensure that the councils are more representative and more closely involved in the design and execution of development programs. However, much more will be expected from the district councils than their African council predecessors if they are to fulfill their role of fully developing the African rural areas. Coordination and planning of development efforts at the district and provincial levels will have to be greatly strenghtened if development projects put forward by the community are to be properly appraised, financed and executed. The Government will have to

provide needed technical and administrative support and the district councils will need to become planning, as well as administrative, bodies. The Government will also have to move quickly in redefining the role and functions of the Division of District Administration and its ADF affiliate. At present, the district administration is unclear as to its future and its uncertain status has led to 60 percent vacancies in the district officer cadres. Finally, district-level planning will need to be more closely linked with regional and urban planning which are also the responsibility of the Ministry of Local Government and Housing.

52. Headquarter-level coordination of development efforts needs strengthening. During the war years, development was tightly controlled on a year-to-year basis by the Treasury which maintained tight control over development expenditures. Government and its administration largely serviced the war needs of the economy with the Ministries of Interior and Defense taking a leading role in the coordination of government programs. Now that Zimbabwe has moved from a wartime economy to a development-oriented economy, considerable attention will have to be given early on to developing a strong coordinating capability to avoid duplication and to oversee the planning and execution of development programs. Effective administrative control at the national level will have to be exercised if scarce human and financial resources are to be utilized efficiently and productively. In this regard relationships between the Ministries of Local Government and Housing; Finance; and Economic Planning and Development; and Office of the Prime Minister will have to be clearly delineated. In addition, major policy decisions will have to be made as to which govermental agencies are to assume leading operational roles in the planning and execution of development projects (ARDA, TILCOR, DEVAG, ADF, etc.).

Manpower Availability and Development

53. Zimbabwe faces critical shortages of skilled labor to carry out its large-scale development programs. Shortages of technical, managerial, and intermediate personnel exist throughout the public sector just when the demand for their services is greatest. Particularly critical are the substantial shortages of intermediate skill levels--extension agents, artisans, health officers, etc.--who are needed in the rural areas where lack of social services, credit and marketing facilities, and extension workers seriously inhibit the improvement of African living conditions. The Government's work force shortages can be attributed to: (a) the increasing exodus of white professionals to more lucrative jobs in the private sector and in neighboring countries; (b) lack of professional and technical skills and experience of Africans seeking employment; and (c) fundamental inequities in access to formal education and employment-related training programs among Africans required for increasing Africanization and economic development. The uncertain political environment and the widespread perceptions of limited advancement opportunities have led to the resignations of younger white civil servants. The problem is compounded by the fact that a significant number of the senior civil servants will reach retirement age in one to three years. Similarly, although expectations among Africans are high for immediate access

to higher paying jobs and better living conditions, prospects for employment are limited because of the skill requirements. Obviously, the Government faces a formidable task in staffing and training a civil service able to respond to the needs of independent Zimbabwe.

54. At present, the Mugabe government is struggling to achieve a viable balance between competing and often conflicting objectives. It places high priority on Africanization of the civil service and yet is seeking to retain experienced white civil servants. Shortly after independence the Government placed a freeze on hiring and promotions until it had an opportunity to review the structure and staffing of ministries. In the meantime, it has issued a directive to the Public Service Commission to promote Africanization of the civil service as quickly as possible. The Public Service Commission which under the 1979 Zimbabwe constitution is charged with the appointment of all public and prison service staff below the secretary level, commenced advertising of posts, interviewing, and short-listing of qualified candidates. Broad policy guidance is provided by the Prime Minister and the Ministry of Public Service. As of July 1980, there were, 62,000 posts in the civil service of which established or officer posts numbered around 19,000 and unestablished posts totalled 43,000. However, only 55 percent (10,600) of the established posts were filled and 81 percent of the unestablished posts. Sixty-eight percent of the established posts were staffed by Europeans, 27 percent by Africans and the remainder by Asians and colored. 1/ Up through August 1980, around 10 percent of the Europeans had chosen to retire; 7 percent more than normal.

55. The 1979 constitution permits civil servants to remit their pension outside of Zimbabwe and over the next three years more Europeans are likely to retire depending on the policies the Government pursues. 2/ Most of the retirees will be persons with less than 10 years government experience, although over half of the secretaries will reach retirement during this period. The Government is moving delibrately to redress the imbalance in the civil service and some progress is being made. The manpower constraints are considerable however. By August 1980, of the 15,000 African applications for employment, only 7,000 were qualified for selection. Of these, only 400 out of the 1,000 university graduates are likely to be recruited, and 4,000 others are expected to be recruited and trained at the intermediate skills level. Thus it will take several years before the Government can fill existing vacancies and Africanize the civil service. On top of this, there is the need to reorient and expand the civil service so as to provide greater development opportunities in the rural areas. Together these requirements indicate that

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1/ Thirty-four percent of the posts are filled by women.

2/ In practice anyone appointed before October 1978, who had completed two years of service, can retire with three months notice with pension. As of April 1980, they could remit one-fifth of this total compensation followed by two-fifths the second year, etc.

accelerated human resource development must be a corner stone of Zimbabwe's national development efforts. A comprehensive scheme for work force development has yet to be formulated. Labor needs have to be assessed; priorities established, basic and in-service training programs begun and a manpower development program formulated. The Government is aware of these problems and has charged the Ministries of the Public Service and of Manpower Planning and Development with the task of carrying out the program. To date, little has been done other than the proposal for a full-blown, perhaps too-extensive, manpower survey.

Planning

56. The Zimbabwean Government is committed to pursuing a more equitable development policy and to reorienting its economy to benefit the African population. It is also committed to medium-term planning and to strengthening its planning and implementation capabilities. In the past, the Ministry of Finance through its one-year investment plans oversaw the planning and execution of development programs. The Public Sector Investment Committee and Under Secretary for Public Sector Development Planning were directly responsible for the capital investment program and worked closely with the Under Secretary for Public Sector Expenditure to ensure coordination of the capital and revenue accounts. In 1977, the Ministry of Finance prepared a five-year development program for the public sector for the political parties contesting the April 1979 elections. 1/ The Z$3.5 billion program was designed to alleviate the problems of rapid population growth and lack of employment coupled with low earning capacity of a high percentage of the population. It proposed a long-term family planning program and a strategy which further exploits the export potential of the agriculture and mining sectors. The mining and agricultural sectors were selected as the most important employers of labor and greatest earners of foreign exchange. The major categories of development expenditure were for "major, capital-intensive projects" (34 percent), followed by "social services" (27 percent) and rural development and agriculture (20 percent). The program was an ambitious one which was never implemented, although in the absence of a post-independence plan it still guides development activities.

57. The newly elected Zimbabwean Government established a Ministry of Economic Planning and Development to plan and monitor development trends and to mobilize external assistance. The planning functions and staff of the Ministry of Finance were transferred to the Ministry of Economic Planning and Development and the Ministry of Finance consolidated its public sector expenditure program under a deputy secretary. The Planning Ministry divided itself into three branches: the Development Planning branch; the Administration, Finance and Supporting Services Branch; and the Economic

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1/ The main volume is entitled Proposal for a Five-Year Programme Development in the Public Sector and dated January 1979. There are two annexes, one entitled "Urban Development in the Main Centers," and the other entitled "Integrated Plan for Rural Development, July 1978."

Survey and General Policy Branch. The branches were responsible for development planning and supervision of implementation; policy analysis, monitoring and external aid; and administrative support. The new ministry announced its plans to draw-up a new medium-term development plan which would begin in FY82. A Cabinet Committee on Development chaired by the Minister of Planning was set up to oversee the plan and its projects. In September 1980, the various government ministries were asked to submit proposals for the plan. The plan's major thrust was to be in developing the rural areas with attention given to: (a) water and land resource development; (b) economic settlement of large numbers of farmers; (c) accelerated development of the former TTLs; (d) development of agricultural supporting services; (e) development of health and education; (f) power and transport; and (g) education, training and housing. Ministries were asked to be realistic in their submissions and base their requests on the availability of manpower, absorptive capacity and the employment opportunities and earnings which might be generated from the schemes. The Government is currently in the process of finalizing the interim plan.

58. As yet it is too early to speculate on the plan and its sectoral priorities and whether the planning process will take hold. There is general agreement that planning needs to be greatly strengthened at the national and district levels if development programs are to be effectively carried out. Various technical ministries have planning units, but these need to be built-up, trained and linked to a centralized planning process. Since most of the ministries are not familiar with medium-term planning procedures or with identifying the needs of African beneficiaries, considerable guidance and follow up will be needed. Staff shortages may prevent this, however. Currently, the Ministry of Economic Planning and Development (EPD) is understaffed. In September 1980, less than 10 out of 69 posts had been filled with professional officers. Since then progress has been made in filling posts and EPD has accomplished much. Demands still exceed its capabilities, however.

59. The Government has indicated that by the next budget, responsibility for the development and revenue accounts of the budget will be separated. The new Ministry of Economic Planning will be charged with making allocative choices for the development portion of the budget, while Treasury will, as before, allocate recurrent outlays. This separation has led, in other countries to an excessive emphasis on public capital spending and a concomitant inadequacy of recurrent cost outlays needed to utilize public infrastructural investments. In order to deal with these problems, close coordination and clearly defined procedures must exist.

H. Macroeconomic Issues and Prospects

60. Zimbabwe has emerged from 15 years of sanctions and 7 of war with much its productive base worn but intact. For the next year or two relatively high real growth rates of GDP can occur purely on the basis of rehabilitation efforts, more normal weather conditions and increases in capacity utilization due to the rise in the value of imports of intermediate and capital goods. Such growth represents catching up for past losses, however, and would not be the result of programs and policies designed to achieve growth of a sustained

and more equitable sort. Many of the programs and policies to accomplish this have yet to be fully identified and adopted. The previous look at the macroeconomy and the subsequent review of the sectors indicates some potential directions which the Government should consider. These are discussed below, after which rough estimates of the magnitudes of macrovariables for the next three years are presented.

Economy-wide Issues

Budget Deficits and Government Revenue Mobilization

61. Recent budget deficits have been too large. Expectations are that central government expenditures will not only remain high but will grow relatively rapidly. This would be the case both because of the need to continue large allocations for defense and because government expenditures will have an important distributional impact. To date, inflation has not been a serious problem but in the future large budget deficits will undoubtedly cause sharp price increases or, if price controls prevent prices from reflecting demand conditions, shortages. The traditional remedies for excessive aggregate demand are to increase taxes, interest rates and, for a short period, to run larger current account deficits on the balance of payments. It is likely that all three will be necessary in Zimbabwe if excess demand is to be curbed, supply capabilities increased and some structural changes initiated.

62. Although changing taxes and the tax structure will require study, the low level of Zimbabwe's customs duty collections suggests that raising customs collections is desirable. The aim would be to increase ad valorum duties, especially on intermediate and capital goods, while reducing exemptions from duties. In addition, since the duties would increase mainly on capital and intermediate goods, their structure would become more even as between consumer, intermediate and capital goods. It is anticipated that such duty increments would increase government revenue collections significantly and, if coupled with other changes, would have beneficial incentive and employment implications.

The Pattern of Government Expenditures

63. If recent budgets, including the present one, are compared with the central government budgets of the early seventies it can be seen that the pattern of expenditures has shifted so that expenditures for social and economic uses have declined, relatively speaking. Expenditures for administrative, internal security and defense purposes have increased. In view of the fact that the central government budget is such a large percentage of GDP, the allocative pattern of such expenditures can have a significant impact on development. A sensible development policy would be to aim to restructure the pattern of expenditures over, say, the next five years so as to increase the relative expenditures on social and economic uses.

64. A second, potential, allocative problem arises from the fact that the new Government has established separate budgets for its resettlement and reconstruction programs and has expressed an intention to place control for allocation of a capital budget under the newly created Ministry of Economic Planning. In effect, therefore, allocative control of public resources have been or will be decentralized somewhat leading to the need for careful coordination and control. With respect to the resettlement and reconstruction budgets, funding them by extra-budgetary means involves the risk that there will not be sufficient budgetary supports in the future to maintain the infrastructural investments once external assistance is no longer available. Similarly, when the Ministry of Economic Planning has allocative control of the capital budget, while recurrent expenditure allocations remain the responsibility of the Ministry of Finance, it will become difficult to coordinate government expenditures so that they are consistently devoted toward the most productive uses. In particular, care must be taken to prevent capital expenditures from becoming excessive, in the sense that, there are not sufficient recurrent resources in the future to fully utilize government investments.

Planning

65. The newly established Ministry of Economic Planning has, as yet, insufficient staff and experience to effectively carry out all the planning and coordinating functions required of it. The present lack of planning and coordination can have important implications, viewed from the longer-term development perspective. However, it appears that weaknesses in planning and coordination capabilities coexist with expectations amongst civil servants and politicians which are too high. Such excessive expectations relate both to the extent to which a planning ministry can relieve the problem of resource scarcity (i.e., by attracting foreign aid and loan funds) and to the extent to which a planning ministry can stimulate and coordinate economic activity.

66. A realistic view of planning is that it is an ongoing process rather than simply the writing of three- or five-year plans. The planning process would consist mainly of:

(a) rolling projections of the national accounts, government accounts, balance of payments and main money aggregates so as to have an idea of the resources available;

(b) project preparation including both the capital and recurrent cost needs (this should generally be done by the executing ministry rather than by the Ministry of Economic Planning and Development); and

(c) policy and project selection which takes into account Government priorities, resource availabilities and the existence of well-prepared projects.

Employment and Productive Efficiency

67. Increasing employment and ensuring productive efficiency are most essential elements in a strategy for obtaining more equitably distributed growth. The 1980/81 budget speech by the Minister of Finance suggests that the Government will rely on rapid but balanced growth to absorb unemployment and labor force increments. Such growth has led to significant increases in demand for labor in the past and will be of importance in the future. There are other influences on the demand for labor, however, including a wage and price incentive system which encourages a growth pattern and productive processes which use relatively large amounts of labor. For example increasing the price of capital relative to labor, importantly by raising customs duties on imported capital goods can encourage labor intensity. Price incentives can also stimulate productive enterprises which are relatively labor intensive. For instance, a strategy of high agricultural producer prices and an appropriate economic price for fertilizer and large agricultural implements can encourage smallholder production.

68. It is particularly important that wage, price and employment policies be made in tandem rather than in isolation as could be possible if the Commission of Enquiry on Income, Prices and Conditions of Service does not broaden the scope of its enquiry. Inadequate attention to the employment impact of wage and price changes could lead to a situation which improves the welfare of existing workers but ignores the need to extend such benefits to workers, farmers and small-scale entrepreneurs who will enter the economy in future years.

Shortages of Technical, Managerial and Administrative Capabilities

69. Such capabilities are scarce and getting scarcer. These shortages represent a most serious problem. The supply of such capabilities is decreasing at the same time that demand is expanding rapidly. Generally, the magnitude of the potential shortages and of the training efforts which will be required are not perceived in Zimbabwe. As would be expected, the salaries of persons possessing such skills are rising rapidly. This should not be viewed as necessarily bad since it may help increase the supply of expertise and enable overseas recruitment on local terms, something the Government is very anxious to attempt. Although serious efforts must be made to increase the supply of expertise, notably by training. It is also important that the demand for expertise not be inflated unnecessarily by choice of expertise-intensive modes of operation. In this connection, assigning a larger role for demand-related as opposed to cost-related pricing can help reduce the expertise needs of making resource allocation decisions. It can also help in increasing savings (see below).

Increasing Savings in the Economy

70. Rough estimates indicate that the likely total annual investment requirements in the power, transport and manufacturing sectors alone are

greater than total gross domestic investment in 1979. If these and other investment requirements are to be financed, the level of savings must increase. To some extent savings will rise pari passu with growth of and GDP. Expanded recourse to foreign borrowing will also help finance greater investment. Neither of these is likely to be enough, however. As a result, the Government should seek ways to raise the share of gross national income which is saved. If this figure, currently about 17 percent, could be raised to the 22 percent (the average in the early seventies), something like Z$150-200 million of extra investment could be undertaken in 1981 alone. The Government can help raise the ratio directly by incurring smaller deficits (or larger surpluses) on its recurrent account budget. Private saving is somewhat sensitive to higher interest rates. However, the major influences on private saving in Zimbabwe will be a perception of stability, expectations of moderate inflation and bouyant investment opportunities.

71. Increasing the extent of internal funds generation of parastatal corporations can improve the savings performance of the economy significantly. It is for this reason that the sections on power and railways stress the importance of higher user charges. In a more general sense the saving of parastatal companies, and even private companies for that matter, can be improved if prices reflect demand as well as cost of production factors.

The Role of the Trade and Production Associations

72. The importance of such associations is stressed in the discussions of the agriculture, manufacturing and mining sectors. Their significance lies in the fact that they serve as a conduit for information from the Government to the private sector and vice versa. Some of the associations may not be fully representative of African entrepreneurs' view points, while others may be split along racial lines. Experience in other countries suggests that if racially integrated, these associations can become an important force in Zimbabwe's development effort.

Distributive Aspects of the Central Government Budget

73. The distribution of income and assets can be affected by changes in government revenue measures, expenditure patterns 1/ and subsidies. The need for increases in tax collections has been mentioned. Besides raising customs duties other revenue measures including, possibly, taxes on selected assets should be considered. Expenditures, particularly for social and economic services can provide transfers of income in kind and/or raise the earning power of people who are relatively poor. In theory, subsidies can achieve similar results but the general experience in Africa has been that consumer subsidies tend to place increasing strains on the budget and suppress productive incentives. For this reason producer subsidies aimed at poorer segments are preferable.

1/ The distributional impact of government expenditures is much more difficult to trace if government deficits cause substantial inflation.

Near Term Economic Prospects

74. Tables 15-18 present projections of the main macrovariables. The figures are not derived from an econometric model. Instead they are estimates of likely movements in and relationships among the main macrovariables given what is understood to be the new Government's intentions regarding management of the economy for the next three years. The form of the presentation is significant in that it allows the use of a simple financial framework to trace some financial implications of the projections (see Annex II). Table 15 presents the main components of expenditures on GDP and shows the extent to which this aggregate demand would be met by internal production (GDP) or net imports. Expenditures on GDP have been estimated to increase rapidly in current terms, by an average 17.5 percent per year. The rates of increase start high, at 20.5 percent in 1981 and drop to 15.4 percent in 1983. The expansion in domestic expenditure is assumed to carry over from 1979 and to be led by Government consumption and investment demand. The former is expected to increase by an average of 21 percent per year for 1981-83, higher in 1981 and lower in 1983. Government investment expenditures are projected to expand by a even more rapid 26 percent per year on average.

75. The basic assumption of the projections of domestic expenditure is that Government will continue to encourage growth in GDP and employment, mainly by the private sector, while expanding the absolute but not the relative size of its own expenditures. The latter implies continued large government deficits, since reliance on new revenue measures will apparently be limited. Some of the expansion of aggregate demand will be satisfied by real growth in GDP and increments in imports. These will require the Government to borrow significantly from abroad and to run large deficits on the current account of the balance of payments. It is also assumed that domestic credit is expanded sufficiently, so that Government's own credit needs do not undly restrict credit to the private sector. Nevertheless, it is anticipated that inflation will be moderately severe. If the values of investment and Government consumption are to rise as projected, real private consumption demand must be constrained. Increments in wages and consumer credit should be limited. The Government should also cut back on transfers to the private sector. Such policies will bring about a relative decline in private consumption, such that it falls as a portion of GDP from 63 percent in 1980 to 58 percent in 1983 (table 15). If this occurs, inflation rates should be between 11 and 15 percent per year for the 1981-83 period.

76. The real growth over 1981-83 will depend on continued progress of reconstruction efforts, improvement in weather and increases in capacity utilization because of greater imports and investment. Higher utilization of existing and reconstructed capacity and better weather led to real growth of about 8 percent in 1980. This should continue in 1981 and the first part of 1982. Agricultural output could expand if the better weather continues, producer prices remain high and acreages planted increase as projected. Mining output, which stagnated in 1980 should also begin to rise. A most important influence on growth, however, will be the expansion of imports. Imports increased

in real terms in 1980 by 27 percent and could expand by another 19 percent in 1981, assuming transport bottlenecks are removed. This would permit continued expansion of capacity utilization in the manufacturing, distribution and transport sectors, at least through 1982. Thereafter, the rate of real growth will probably slow as investments in new plant and equipment and restructuring of agriculture contribute to demand without having an immediate impact on output. These lags coupled with projected declines in the real increase in exports and imports suggest that GDP growth could fall to the 3-4 percent range for the remainder of 1982 and 1983 year. This pattern of real GDP growth, fast at first and slow later on suggests that for the three-year period growth will average 5-7 percent annually.

Table 15: ZIMBABWE--EXPENDITURE ON GDP

(Z$ million in current prices)

	1978	1979 a/	1980 b/	1981 b/	1982 b/	1983 b/
Private Consumption	1,440	1,640	1,980	2,380	2,710	3,040
Government Consumption	454	540	710	840	1,000	1,240
Gross Fixed Investment	330	400	480	620	780	910
Changes in Stocks	50 c/	60 c/	90	90	100	110
Domestic Expenditure	2,274	2,640	3,260	3,930	4,590	5,300
Net Export of Goods and n.f.s.	63	-7	-100	-140	-120	-100
GDP	2,337	2,633	3,160	3,790	4,470	5,200

a/ Provisional.
b/ Projected.
c/ Including statistical discrepancy.

Source: Economic mission estimates.

77. **Table 16 shows how investment is to be financed. Domestic expenditure** will expand rapidly, because of rapid rises in Government consumption and investment. A significant portion of increments in investment will be financed by savings from abroad. Given what appears to be the Government's intentions regarding the budget and assuming no declines in private investment, private consumption would have to decline as a portion of GDP. Gross domestic savings

is not expected to rise relative to GDP. If this performance could be improved, either by cutting back further on private consumption, government consumption, or both, then investment could be even larger.

Table 16: ZIMBABWE--SAVINGS AND INVESTMENT

(Z$ million in current prices)

	1978	1979 a/	1980 b/	1981 b/	1982 b/	1983 b/
Total Investment c/	380	460	570	710	880	1,020
Financed by:						
Gross Domestic Saving d/	458	455	474	597	775	920
Net Investment Income	-35	-37	-44	-102	-105	-120
Net Transfer Payments	-16	-19	30	30	16	0
= National Saving	407	399	460	525	686	800
Plus Saving from Abroad e/	-27	61	110	185	194	220
= Total Saving	380	460	570	710	880	1,020

a/ Provisional.
b/ Projected.
c/ Gross fixed capital formation plus change in stocks.
d/ Total investment plus (minus) the surplus (deficit) on goods and non-factor services account.
e/ The negative of the current account balance.

Source: Economic mission estimates.

78. If growth of GDP in the 5-7 percent range is to be achieved, considerable expansion of exports and imports must occur. Exports in current terms (table 17) have been estimated to increase by 25 percent in 1981 and by 14 percent per year for 1982-83. These projections are based on government estimates which are compiled periodically after surveying the export expectations of major ministries and exporters. They have been adjusted (lowered) slightly to take into account World Bank price projections, recent information regarding transport difficulties, and lower-than-expected foreign exchange allocations for late 1980 and early 1981. Even so, this suggests that expansion in real exports will be 16 percent in 1981. This reflects the improved market conditions following the lifting of sanctions

and the anticipation that something like Z$100 million of exports currently delayed by transport shortages can be moved during the year. Real increases in exports for 1982 and 1983 are anticipated to be much more modest, between 5 and 6 percent per year. This reflects both the anticipated slow down in GDP growth and the disappearance of the benefits resulting from the lifting of sanctions.

Table 17: ZIMBABWE--BALANCE OF PAYMENTS

(Z$ million in current prices)

	1978	1979 a/	1980 b/	1981 b/	1982 b/	1983 b/
Exports, f.o.b.	627	717	895	1,120	1,275	1,455
Imports, f.o.b.	439	586	820	1,050	1,175	1,325
Trade Balance	188	131	75	70	100	130
Services (net)	-145	-173	-215	-285	-310	-350
of which :						
Investment Income	(-35)	(-37)	(-44)	(-102)	(-105)	(-120)
Transfers (net)	-16	-19	30	30	16	0
of which:						
Official	(-)	(-)	(55)	(59)	(50)	(30)
Current Account Balance	27	-61	-110	-185	-194	-220
Capital Account Balance	78	82	60	140	150	170
of which:						
Government (net)	(68)	(118)	(100)	(190)	(200)	(220)
Other (net) c/	(10)	(-36)	(-40)	(-50)	(-50)	(-50)
Overall Balance	105	21	50	-45	-44	-50

a/ Provisional.
b/ Projected.
c/ Including errors and omissions for 1981 to 1983.

Source: Economic mission estimates.

79. Imports, required for greater production, are shown to increase by 40 percent in 1980, and by just under 17.5 percent per year thereafter, all measured in current prices. This implies real increases of 19 percent in 1981 and then 4 percent and 5 percent, respectively, in 1982 and 1983. This pattern of real increments is partially responsible for the assumption that real growth in GDP will spurt rapidly in 1981 and early 1982 and then slow down. During the initial catching up period, imports will be mainly for intermediate inputs to allow increases in capacity utilization and stocks.

80. Zimbabwe experienced a marked deterioration in terms of trade between 1975 and 1979. This was to some extent sanctions-related but was also significantly affected by increases in international prices of oil. The situation reversed itself somewhat in 1980 after the lifting of sanctions; lower import prices and higher export prices resulted in an improvement of 13 percent in the country's terms of trade. It is anticipated that the relatively diversified nature of Zimbabwe's exports will mitigate further relative changes in export prices for the next three years. Similarly, imports will also not be subject to marked variations in real prices. As a result it is not anticipated that the terms of trade will change significantly in the next three years.

Table 18: ZIMBABWE--GOVERNMENT BUDGETARY POSITION, CALENDAR YEAR BASIS

(Z$ million in current prices)

	1978	1979 a/	1980 b/	1981 b/	1982 b/	1983 b/
Revenue						
Direct Taxes	265	280	330	430	560	700
Sales & Excise	177	196	204	220	270	310
Customs Duties	22	22	40	50	85	130
All Other c/	109	113	176	200	200	165
Total	537	611	750	900	1,115	1,335
Expenditures						
Recurrent	752	825	1,100	1,330	1,520	1,740
(of which transfers)	(298)	(346)	(410)	(490)	(529)	(500)
Capital	57	55	95	130	170	190
Net Lending	13	17	35	40	50	50
Total	822	897	1,230	1,500	1,740	1,980
Deficit	249	286	480	600	625	645
Financing						
External (net)	68	118	100	190	200	220
Internal						
Non-Bank	147	82	185	175	200	200
Banking System	34	86	195	235	225	225

a/ Provisional.
b/ Projected.
c/ Including transfers from abroad.

Source: Economic mission estimates.

81. In spite of the relatively optimistic assumption regarding export expansion, the country will run substantial deficits on the current account balance, at least as measured relative to the past. These deficits are viewed as being necessary to allow increases in investment which would otherwise exacerbate inflationary pressures. The Government would bear the main responsibility for financing the deficits through external borrowing, although for the 1980-82 years transfers from abroad, mainly for the reconstruction fund, will also be significant.

82. Expected central government budgetary developments are presented in table 18. The budget deficit is assumed to remain a high portion of GDP, about 16 percent, through 1981, but to begin to decline thereafter. This decline would result from higher revenue and somewhat tighter expenditure controls. Revenue increases are expected to result from the elasticity of the existing tax system, about 1.3. However, in line with previous discussions on customs duties, it has been assumed that customs collections increase so that they are equivalent to 10 percent of imports by 1983. Additionally, the category entitled "all other" also rises, reflecting the assumption that some new taxes will be introduced. Expenditure increments have been assumed to be high partly because of the need for continued defense and internal security expenditures, but also because capital spending and net lending by the Government increase rapidly. The projections include an assumption, however, that the Government will begin to cut back on subsidies beginning in 1983 1/ such that transfers decline not only relative to total expenditures but also in absolute terms.

Some Implications of the Projections

83. The format of the estimates allows use of a simple financial framework to analyze the monetary implications of the projections (Appendix II). It is assumed that the Government will be a very active borrower, both externally and internally from the private and banking sectors. If the velocity of money remains at its currently low level of about 2.5, demand for money will be high. Even so, the financial framework indicates that in the 1981 and 1982 years, government credit demands will squeeze domestic credit to the private sector.

84. The projections imply that Zimbabwe can experience relatively high real growth over the next few years. In 1981, growth will be stimulated by high government expenditures and a large deficit and by greatly increased availability of imported inputs, mainly because of the projected large government deficit. Thereafter, investment will increase considerably and the Government can intensify its efforts to restructure the production of income. There will also be a beneficial employment impact of the high growth rates. If past trends continue, increasing capacity utilization in 1980 could result in additional employment for about 50,000 persons. Thereafter employment could rise by 4 percent per year or by 40,000 persons per year for the 1981-83 period. This assumes no serious disruption of incentives to employ labor, and would be, by standards in Africa, a remarkable achievement.

1/ The Government is currently considering the extent of subsidies, the cut back could occur earlier.

85. It is also assumed that the Government will markedly expand borrowing from abroad. This should enable rapid growth in GDP and employment for the 1981-83 period. However, such borrowing could have serious debt servicing implications in the late eighties and early nineties unless exports continue to expand and debt terms, notbaly interest rates and maturity structures are favorable. The results from the ZIMCORD Donors' Conference held in Salisbury from March 23-27, 1981, coupled with prior promises, indicate that three-year commitments to Zimbabwe from external donors could total US$2 billion. Disbursements of external borrowing postulated in tables 17 and 18 average, on a gross basis, about Z$250 million (US$400 million) per year or US$1.2 billion for the three-year period. Much of the pledged ZIMCORD money is highly concessional, but it is likely that these commitments alone will not yield disbursements of US$1.2 billion over the three-year period. Consequently, additional commitments, on harder terms will most likely be required. Even with additional commitments, the debt service burden should not be onerous unless the volume of exports fall well below anticipations or a serious distortion in the terms of trade occurs. By way of example, the country's debt service ratio would not rise above 15 percent in the eighties and early nineties as long as the terms of trade remain constant, exports increase in real terms at three percent per year and the country borrows no more than US$800 million of commercial credits in addition to the US$2 billion pledged at ZIMCORD. 1/ Since it is likely that less than US$800 million of commercial borrowing will be required one can assume the debt service ratio will fall below 15 percent of exports.

1/ It was assumed for the purposes of this exercise that the US$800 million was borrowed over a three-year period with two years grace, seven years maturity and a 15 percent interest rate.

II. REVIEW OF THE MAJOR ECONOMIC SECTORS

A. Agriculture and Rural Development

86. Of Zimbabwe's 39 million ha. land area, about 20 percent is well suited for intensive farming; the remainder is either risky cropping area or suited for livestock. Most of the best agricultural land (in terms of soils, climate and rainfall) is on the highveld, a plateau 1,200-1,500 m in elevation, which has a temperate climate and, in the north an average rainfall of about 900 mm. The highveld covers approximately 20 percent of Zimbabwe's area. The middleveld, where elevations range from 900 m to 1200 m, are warmer and drier (700 mm), and the lowveld (about 25 percent of the total area) are arid and semiarid plains where less than 500 mm of rain falls yearly.

Importance and Performance

87. The significance of agriculture to the economy is enormous, and until 1975 aggegrate performance was excellent. Between 1965 and 1974 growth in real agricultural output averaged 7.3 percent annually. Formal employment grew more slowly, at 2.6 percent per annum but still constituted over a third of total employment or the largest share for any sector. Agriculture's direct contribution to GDP was about 18 percent each year; agricultural exports usually constituted about 45 percent of annual foreign exchange earnings. The sector's role as a supplier of intermediate goods for manufacturing has also been considerable. The good performance of the sector is mainly attributable to commercial farming which completely dominates the statistical indices. However, it is still the case that over 70 percent of the people earn their living from the land. The sector will thus have to be the focus of the Government's resettlement and rehabilitation efforts and of its longer term aim of restructuring the economic and social order.

88. Since 1975 performance indices have dropped. In 1979 the sector's share of GDP equalled 12 percent, its foreign exchange earnings constituted 38 percent of exports and agricultural employment, while still over a third of the total had fallen by about 24,000 persons. A significant portion of these declines can be explained by droughts or the war. Both of these have reduced capacity utilization on existing farms. Better weather and the cessation of hostilities should correct these problems, but some productive capacity, especially in the TTL areas has also been destroyed. The destruction relates both to physical infrastructure and to reductions in the country's beef and dairy cattle herd which is estimated to have declined by as much as 25 percent since 1978.

Structure

89. It is the structure of Zimbabwe's agricultural sector, not its performance, which has been most contentious. Land has been clearly segregated

with European individuals or companies (less than one percent of Zimbabwe's population) owning almost one half of the agricultural land and over half of the most fertile land area. Colonial development, together with a number of parliamentary acts, divided the country's available land into three designated areas: freehold commercial farming for non-Africans, Purchase Lands where Africans could own and farm medium-sized holdings and Tribal Trust Lands for traditional African smallholders. As a result, some 6,000 commercial freehold farms, as table 19 below shows, average 2,300 ha. in size and dominate agricultural production--accounting for more than 85 percent of total output in 1979.

Table 19: ZIMBABWE--SELECTED AGRICULTURAL STATISTICS BY SECTOR, 1979

	Commercial Farms a/		Purchase Area Farms		Tribal Trust Land		Total
Population ('000)	1,750 b/	(33%)	102	(2%)	3,500	(65%)	5,352
Available Land ('000)	14,820	(45%)	1,065	(3%)	16,800 c/	(51%)	32,685
Value of Output (Z$ million)	374	(76%)	12	(2%)	109	(21%)	495
Number of Farm Units	6,338	(1%)	8,514	(1%)	700,000	(98%)	714,852
Average Farm Size (ha.)	2,338.0		125.0		23.0		45.7
Ha. per Person	8.5		11.7		4.7		6.1
Output per Hectare (Z$)	25.2		11.3		6.7		
Output per Person (Z$)	213.8		117.6		31.1		
Output per Farm (Z$)	59,000.0		1,409.0		156.0		

a/ The number of commercial farmers has been declining and now probably is less than 5,200.

b/ African laborers and their families, plus a limited number (probably less than 20,000) of non-Africans, mainly farm owners and managers and their families.

c/ Includes communal grazing land.

Source: Zimbabwe: Strategies for Economic Development. Agriculture: Development and Equity. Cross, January 1980.

90. At the other end of the spectrum are the Tribal Trust Land (TTL), farms where approximately 3.5 million Africans practice largely subsistence farming and raise livestock under traditional land tenure patterns. These plots, which accommodate half the country's population, are of generally poor quality and have low yields. In between are the African Purchase Lands (APL)--around three percent of the total area--where "emergent" African farmers cultivate 8,500 farms, with freehold title and tenure rights. In the past, low productivity in the TTL areas limited farm family incomes and insured the attractiveness of low paying formal employment opportunities elsewhere.

91. European commercial farming is well organized and financed, occupies the best lands, and produces most of the marketed output. It also provides the largest share of formal employment. Land ownership within the commercial farming sector is highly skewed; eight percent of commercial farm owners, mainly companies, hold 53 percent of the area. The principal commodities produced in 1979/80 were tobacco and beef--each of which accounts for roughly one-quarter of total output--followed by cotton (15 percent), sugar (9 percent), maize (8 percent), and wheat, soyabeans and coffee together (11 percent). Maize can be expected to represent a much higher percentage in 1980/81.

92. On the other hand, production in African areas has stagnated, or even declined. Their share of total agricultural output fell from 45 percent in 1967 to 22 percent in 1979. This decline was due in part to the disruption of the war, which displaced large numbers of rural families and extensively damaged rural infrastructure. More fundamental, however, is the increasing pressure of population which must be accommodated on land, much of which is of low productivity and ill-suited to cropping. Although table 19 shows the average TTL farming unit as 23 ha. in size, less than 25 percent is cultivated; the remainder is used for communal grazing or consists of unusable rock outcrop. The average plot actually cultivated by African farmers probably is in the neighborhood of 4.5 ha. On this maize, groundnuts, millet and other subsistence crops, plus limited amounts of cash crops such as cotton, and tobacco, are grown. Intensive cropping has led over the years to serious soil degradation in some areas.

93. Since World War II, successive governments undertook programs to improve African agriculture, but with little success, except for cotton production. Emphasis initially was on conservation and control of animal diseases. In the late 1950s and early 1960s major land reforms were initiated, aimed at altering traditional land tenure patterns to clearly define individual land rights. This was abandoned in 1965 when the Government turned over responsibility for all African land tenure matters to locally appointed chiefs.

Institutions and Supporting Services

94. Institutions and government services in the past have been geared largely to supporting commercial farmers and Africans on purchase lands. Adaptive and farm systems research in the Tribal Trust Lands has been limited, and agricultural credit virtually unavailable for farmers there. The extension service in the TTLs has been quite efficient, but has been orientated entirely towards the master farmer who has access to resource levels that are not generally available to the average farmer. The Ministry of Agriculture, which services the commercial and African Purchase Land farmers has been on the whole well staffed with qualified personnel, and relatively well funded. As a result, the commercial farms are serviced by one of the best agricultural research establishments in Africa. In 1979, for example, total research expenditure was approximately Z$9 million, about 1.8 percent of the value of agricultural output. Although below the 2.7 percent usually spent annually for agricultural research in North America, the figure is well above the norm in the rest of Africa. The extension service for commercial and APL farms has also been of high quality; in 1979 there was one agent per 60 commercial

farmers and one per 30 African farmers in Purchase Lands. This compares with roughly one agent per 630 farms in the TTLs, a fairly typical ratio for Africa. The TTLs are serviced by the Department of Agricultural Development (DEVAG) in the Ministry of Lands, Resettlement and Rural Development. 1/

95. The Agricultural Marketing Authority is a parastatal under the Ministry of Agriculture and handles marketing for most products through four statutory boards: the Grain Marketing Board, the Cotton Marketing Board, the Cold Storage Commission and the Dairy Marketing Board. A fifth statutory board, the Tobacco Marketing Board, is directly under the Ministry. Commercial farmers sell their produce to the marketing boards. Farmers in the Tribal Trust Lands also sell to one of the 350 or so cooperative societies or to approved buyers. Since the boards buy most of the marketed produce in the country, the prices they pay, which are established by the Ministry of Agriculture, are dominant. For products where quality is important there is a sophisticated grading system. Producer prices at collection depots for export crops are uniform and are tied closely, through a system of supplementary payments, to the export prices actually received. Prices for major food crops (e.g., maize, wheat and beef) also are uniform, but are established by taking into account not only world prices, but the interests of the growers (as represented by the farmers' associations), and consumers. As a result prices may, in particular years, contain either producer or consumer subsidies. Whereas in the past most subsidies probably benefitted producers, in the last two years they have primarily benefited urban consumers.

96. Institutional credit is readily available to commercial farming enterprises and most African Purchase Land farmers but until recently has been difficult or impossible for TTL dwellers to obtain. The Government's Agricultural Finance Corporation (AFC) (which had Z$135 million in loans outstanding at the end of March 1980) supplies about one-half of all agricultural credit. Private commercial banks, cooperative societies, the Cold Storage Commission and some financial houses and companies are the other important sources. Commercial farmers borrow about Z$153 million yearly, of which almost 60 percent is short-term. AFC, one of the most efficient commercial farm credit institutions in Africa, still has to be tested in smallholder lending. It has recently taken on the staff of the African Loan and Development Trust, in order to develop its own Small Farmer Credit Scheme. The Fund made loans to farmers on African Purchase Lands with a recovery rate of better than 90 percent. AFC's losses on its Small Farmer Credit Scheme, estimated at about Z$500,000 in 1979/80, are not predominantly to cover both defaults, and low interest charges which are at present based on lending costs to commercial farms.

1/ An Agricultural and Rural Development Authority, also under this ministry, plans and coordinates development on African farm lands, overseeing the work of the Tribal Trust Land Development Authority, the Sabi-Limpopo Authority, and the Agricultural Development Authority.

Prospects and Issues

97. The situation in the agricultural sector, skewed distribution of assets and income but good performance as measured by growth, output, exports and employment, capsulizes the new Government's development dilemma. On the one hand, continued growth of the economy and of food output requires reconstruction and maintenance of existing productive assets. On the other, increasing productivity of African farmers requires restructuring of production. Indications are that the present Government wants to ensure that the sector experiences a recovery in output so that resources generated there and elsewhere can be used to finance the transition of the sector toward greater African participation in existing productive enterprises and, importantly, expansion of African smallholder agriculture of a more productive sort. If the Government is successful, it will lay a solid foundation for more equitable growth in GDP and higher employment beginning in the late 1980s. Some difficult issues must be addressed, however. Such issues can be grouped into the four following categories:

(a) the choice between improving existing TTL areas, smallholder rainfed settlement or increasing labor-intensive irrigation projects;

(b) the type of land tenure;

(c) producer and consumer pricing and the role of private investment; and

(d) the adequacy of technical knowledge and trained personnel to implement an expansion of smallholder agriculture.

98. Apart from the necessary support for the productive core of the commercial farm subsector, resources can be used to improve existing TTL areas, increase rainfed smallholder settlement, or expand irrigation projects including either large labor-intensive farms and/or smallholder plots. In choosing the appropriate relative emphasis between these three, it is essential that both productivity and the employment impact of the investments be considered. Probably about half of the new entrants to the labor force must be absorbed by the agricultural sector. Although further study must be done, it presently appears that expansion of rainfed settlement and irrigation will not have a sufficient employment impact. Thus, in the shorter-run, it is likely that relatively more resources must also be devoted to improving the TTL areas, even though many of these are of marginal agricultural quality and innovation packages to improve productivity are lacking. Intensive rainfed settlement would likely cost Z$4,000 per family and economic rates of return are likely to be high but the employment impact is less dramatic. Irrigated settlement is likely to cost at least Z$8,000 per family and will probably be even more productive but the economics are uncertain and it will have an even smaller employment impact per unit of investment.

99. To support development in the existing TTL areas, two important needs are to substantially improve input supply and marketing, and to extend and improve the road network. Of equal significance, is the development of a major farm systems research program supported by adaptive agronomic research and plant selection and breeding work. Finally, the orientation of the extension service should be changed away from the view that only a small percentage of residents in the TTL are genuine farmers. Instead, the view must be that although some farmers are clearly better than others, it is the average rather than the superior African farmer who needs to be the focus of the extension and research effort.

100. Although intensive rainfed settlement will undoubtedly be an important element of the transformation of smallholder agriculture, it will not suffice. The existing longer-term land reform program would involve the settlement of about 70,000 families on 4.5 million ha. of underutilized rainfed land and about 50,000 families on new irrigated land by about 1990. The first three-year phase would involve settling about 20,000 families on 1.2 million ha. of rainfed land. This program is relatively ambitious with respect to implementation capacity. The first three-year phase would take approximately twice the land area achieved during the first five years of the Kenya Million Acre Scheme and it would involve 70 percent as many families. The more tentative longer-term program would cover about eight times the land area of the full ten-year Kenya program (1961-1970), and would settle twice as many families. Nevertheless, it would still only handle about 30 percent of population increments over the period.

101. Present minimum cash income targets are Z$430 plus Z$260 per year subsistence. These are about five times the present average tribal trust land income. The highest income target is Z$2,500. These targets limit the Government's ability to settle farmers by requiring large acreages per settler. Provided adequate services and incentives accompany the change, it is likely that more farmers could be settled on smaller plots with improvements in output/ha. and with substantial increments, over present TTL levels, in income per family. If the smaller plots are settled, the Government might also avoid a potentially serious settler selection problem. If settler selection is poor, large areas may be unproductively farmed. The alternative, smaller plots and more settlers, allows farm size to develop naturally, as poor farmers sell or lease land to those who can use larger acreages productively.

102. Investment in irrigation, while potentially the most dramatic way of transforming the agricultural sector, will be a high-cost means of pursuing equity. The economic returns are uncertain until further study has been completed. There are at present plans to have irrigated smallholder plots but these are also, like the rainfed settlement proposals, overambitious with

respect to settler income targets. It is possible that private or joint investment in commercial estate irrigation could be better with respect to both productivity and employment than the presently proposed irrigated settlement programs. The advantage of settlement over estate employment, however, is that it creates the motivation to leave traditional holdings.

103. The Government faces a difficult choice regarding land tenure in the former Tribal Trust Land areas. These are at present under a traditional "usufruct" system with land allocation by the chief. The system does, in fact, give considerable security of tenure. Freehold title might lead to higher productivity, but the real need is for a system that would encourage people in periurban areas to relinquish land in their TTL areas. The potential of the Zimbabwean economy to absorb landless people into the formal sector may be greater than many other African countries. If so, the disadvantage of creating landlessness through freehold title would be less. However, some form of leasehold system may prove to be a suitable compromise. Pending a decision on this, the Government is faced with the immediate problem of ensuring that families settled on new land release their rights to their old holdings, otherwise the purpose of settlement is defeated.

104. Perhaps the most important determinant of agricultural sector prospects in Zimbabwe will be prices. Most agricultural sectors, whatever the structure, can be relied upon to respond strongly to price initiatives. This applies both to output responses and, importantly, to the extent of farmer-financed investment. The recent maize price rise indicates the Zimbabwean Government's willingness to use prices aggressively. The existence of consumer subsidies provides an opposite signal however. Such subsidies favor urban dwellers and although theoretically they need not affect rural development, in practice they do. They cause a considerable drain on the budget which tends to lead to future suppression of producer prices. Even now, producer prices for beef and wheat are below export parity levels. Furthermore, such subsidies encourage artificially high levels of consumption, often of semi-luxury foods, and smuggling to high price areas. The latter frequently involves illegal foreign exchange transactions, since many such areas are over a border.

105. Finally, development of smallholder agriculture will undoubtedly be constrained by shortages of trained staff. Sheer numbers of extension staff is not the most serious problem at this stage, although some improvement in the ratio would be desirable. The major constraint is the lack of African staff with management experience. Most management expertise is gained on the job, and it will be essential to increase the numbers of African staff who are offered this opportunity.

106. There is a serious shortage of research staff and, with the expansion of operations into farm systems research in the peasant sector, this will be a major constraint. Research, while not immediately productive, has consistently been shown to exhibit very high economic returns, but experience has shown that in research particular care is needed with staffing. Highly

skilled and experienced staff are absolutely essential and, while strong training programs for promising African staff must be vigorously pursued, a large European and expatriate input, with an increased training role, will be necessary for many years.

B. Mining

107. Although its mining industry is small by world standards, Zimbabwe is amongst the top mineral abundant countries of the world on a per hectare or per person basis. Over 40 different minerals are produced but approximately 85 percent of mineral production is derived from gold, asbestos, nickel, copper, coal and chrome ore. In 1979, mining activity directly employed 60,000 persons (6 percent of the formal labor force), contributed 8 percent to GDP and earned Z$270 million of foreign exchange, two-fifths of total merchandise export value. The sector is highly diversified and efficient. Even without major new investments the sector can be relied upon to provide continued employment opportunities and foreign exchange earnings provided potential manpower shortages and transportation problems are attended to. An additional issue, increasing indigenous participation in mining sector management and production, is also important.

Description

108. The extent of foreign investment has always been substantial in the mining industry, although small worker output is also of considerable significance, especially in gold mining. Major products, classified by their contribution to value added, exports or employment are gold, asbestos, nickel, copper, coal and chrome ore. In recent years domestic processing of minerals has increased such that now 25 percent of mining production is processed within the country. Exports of these processed minerals, when added to non-processed mineral exports, accounted for more than 50 percent of the total merchandise exports in 1979.

109. Gold mining is still the most significant mining activity in the country, accounting for 29 percent of mining sector employment and 34 percent of the value of mineral exports. Much gold prospecting and mining is still undertaken by smallholders and the recent increases in the prices of gold have spurred even more activity. The major gold producing mines are Dalny and Shamre located in the Greenstone belts. These are mainly foreign owned with the majority of ownership being held by Falcon Mines, Ltd. and Lonrho, Ltd.

110. Asbestos mining which is carried out mainly at Mashaba has become increasingly important over the years as a foreign exchange earner. The major mines are Shabanie, Kings and Gaths, all owned by Tunner and Newall, Ltd. of the United Kingdom. They produce a very high quality fiber which is in demand

mainly for use in asbestos-cement pipes and other construction materials. As a result, prices are high and price prospects are good. In recent years new investment in asbestos mining has been significant, such that in 1978, when investment in most mining and manufacturing activity was low, it equalled Z$39 million or 64 percent of total investment in mining and nearly 10 percent of total gross fixed capital formation. Expansion of asbestos output, the result of this new investment, is only just occurring, however.

111. Copper, nickel and chrome account for 26 percent of value added and 28 percent of employment in the mining sector. The chrome mines are located along a narrow belt called the Great Dyke which runs through Zimbabwe from northeast to southwest. They are worked mainly by transnational corporations, of which Union Carbide and Anglo-American Corporation are the most important. The two major ferrochrome smelters are controlled by Anglo-American Corporation. During the period of UDI exports of ferrochrome increased as exports of chrome ore declined. The value and volume of copper exports have stagnated during the seventies as low prices have kept the main mines producing at below capacity. Nickel, however, which was a significant export in the 1977-79 period was not even exported before UDI in as much as the entire industry is a post sanctions development.

Performance

112. Even with economic sanctions and the war, the mining industry grew impressively. The volume of mining output increased by 86 percent during 1964-1976 and the value of output in nominal terms increased fivefold from Z$65 million in 1965 to Z$315 million in 1979. The sector suffered declines after 1976 but has apparently recovered significantly in 1980. Mineral exports, including gold, also expanded rapidly, from Z$64 million in 1965 to Z$270 million in 1979 (table 20). Production of nickel, cobalt and silver were insignificant before UDI but reached a value of Z$58 million in 1979. Gold mining activity, while still of major significance in value terms, has retained its importance mainly because of the eightfold increase in prices. Production fell every year during 1964-1974 from 575,000 fine ounces to 335,000 fine ounces, or by more than 40 percent. The boom in bullion prices is likely to accelerate the recovery in gold production, which started during the second half of the 1970s. Asbestos production rose at 5.8 percent per year during 1965-1976 and, as noted, was an important source of foreign investment in the 1977-1979 years. The shift from export of chrome ore to processed ferrochrome was to some extent necessitated by the fact that the quality of Zimbabwe's chrome ore is uniquely high and thus easily identifiable. The shift resulted, however, in a marked increase in the export value of chrome related materials, in as much as chrome ore exports were Z$7.6 million in 1965 (which declined to Z$0.4 million in 1979), and ferrochrome exports which were Z$3.4 million in 1965 grew to Z$43.6 million in 1979.

Table 20: ZIMBABWE--VALUE ADDED, EMPLOYMENT AND EXPORTS OF MINERALS 1969-1978/79

Minerals	Value Added 1978 (Z$ mil)	Exports 1979 (Z$ mil)	Employment 1978 ('000) No.	Average Annual Growth Rate 1969-1978 (%) Val. Add.	Exp.	Imp.
Gold	40.6	78.9	15.8	20.0	1.7	4.6
Asbestos	47.2	70.5	11.2	14.5	12.4	3.8
Copper)		26.2 a/)	)		0.7 a/)	
Nickel)	37.8	32.5 a/)	10.2)	2.9	25.0 a/)	0.3
Chrome	5.3	43.6 b/	4.7	4.1	11.9 b/	-0.5
Stone Quarrying	2.6	n.a.	1.2	5.5	na	1.1
Coal)		9.5 c/)	)		3.1 c/)	
Other Mining)	35.2	n.a.)	10.8)	10.8	n.a)-1.3	
Total Mining and Quarrying	168.8	270.1 d/	53.9	10.2	9.9 d/	2.3

a/ Metal and concentrates.
b/ Ferrochrome only.
c/ Coal and coke.
d/ Mineral ores, ferrochrome and non-ferrous metals.

n.a. Not available.

Source: Statistical Annex, tables 8.01 and 8.02.

113. Employment in the mining sector grew at an average annual rate of 2.3 percent between 1969-1978 with highest increments being in the gold and asbestos subsectors and one of the lowest being in chrome. During the same period net capital expenditure measured in real terms rose at 6.5 percent per annum (16.4 percent in nominal terms). Total net investment in current values during the 1969-1978 period was Z$380 million which means, roughly, that net investment per job was Z$56,000.

Government Policies and Incentives

114. The Government, through the Ministry of Mines, encourages exploitation of mineral resources by private enterprise. It provides the necessary administrative infrastructure for the registration and protection of mining rights, monitors safety and health standards, and offers advisory services and financial assistance schemes if requested. Fiscal incentives are adequate to ensure that a mining company may not pay any income tax in its early years and pay little income tax in later years until its capital and prospecting expenditure has largely been recovered. Mining companies are entitled to

three special allowances, capital redemption, replacement, depletion allowances, and several tax deductions. An exploitation company, on the other hand, is allowed to deduct all expenditure incurred in the acquisition or exploration of properties, but is normally taxed on all revenues from the sale of such properties. An individual small worker (who is not a company) is entitled to non-deferable individual abatements, besides the three special allowances. Moreover, a prospecting allowance is granted to the mining industry, wherein the taxpayer is relieved from the need to commence operations of a mine before becoming eligible for the allowance.

115. The Government provides financial and technical assistance to miners as well. Ordinary loan assistance is available particularly for small workers, for purchasing a mine and developing it, purchasing of plant and equipment, marketing of metals and minerals (including bridging loans), establishing an extraction plant on a gold mine, and for out-of-hand emergency loans. In providing speculative development loan funds, the Government assumes either 50 percent or 100 percent of the risk. A government grant is also channeled through the Industrial Development Corporation (IDC) for the Mining Promotion Corporation to explore and develop the smaller mining properties in which large mining corporations were unlikely to be interested. MPC has been involved in gemstones, mica, scheelite, lead, asbestos, tin, tungsten, chrome, graphite, mercury, gold and copper. In addition to the above assistance, a plant hire scheme provides a pool of common-user items of plant-for-hire on a revolving, non-profit basis. Finally, advice and assistance on mining matters are normally available (free of charge) from professional staff of the Ministry of Mines through its three technical departments--Geological Survey, Mining Engineerng, and Metallurgy.

116. As with commercial farming and manufacturing, the mining industry keeps close liaison with the Government, through its privately formed association, the Chamber of Mines. In close association with professional bodies such as the Institution of Mining and Metallurgy (Zimbabwe Section), the Association of Mine Managers of Zimbabwe, and the Zimbabwe Branch of the Geological Society of South Africa, the Chamber publishes a leading monthly journal for disseminating information regarding the mining industry. Moreover, the Institute of Mines as a department of the University of Zimbabwe, carries out research for the benefit of the mining and metallurgical industries in Zimbabwe, mainly regarding economic geology, mining geology, applied geochemistry and metallurgy.

Issues and Prospects

117. The sector is well diversified and significant new investments have occurred during the period of sanctions. Price prospects for most exports are good. Three concerns for the mining sector are the shortages of skilled personnel, possible transport bottlenecks for exports and some uncertainty regarding the Government's future role in the industry. Of these, skills shortages, particularly in African workers, are of the most immediate operational significance.

118. The mining industry has been conscious of the importance of manpower training and has undertaken considerable training activity. It trains apprentices and semi-skilled operatives as well as miners, shaft timbermen and plant operators. It also conducts, in conjuction with technical colleges in Salisbury and Bulawayo, formal courses for the training of technicians in engineering, mining, metallurgy, assaying and surveying. As a result of these training schemes there is a large number of black apprentices, artisans, plant operators and miners, as well assayers and mine surveyors. In the middle management level, one finds black geologists and metallurgists. In spite of these training schemes, the industry desperately needs artisans, miners, mining engineers, metallurgists, mechanical and electrical engineers and other graduates as well as trained and experienced technicians in various disciplines. While intensified recruitment and training of locals can alleviate problems in the longer run, in the short term, it may be necessary to deal with the shortages by relying on external recruitment.

119. Scarcity of transport facilities has had the effect of limiting exports of high bulk, low value minerals, such as chrome ore. If mineral output is to expand, however, the problem could become more serious. At present nearly all mineral exports go by railway via South Africa. Congestion is increasing on that rail line and in those ports, however, and it is generally believed that unless Zimbabwe can reopen and expand freight traffic through Mozambique and the port of Maputo, bottlenecks will emerge.

120. Currently most mining industry is undertaken by private, mainly foreign entrepreneurs who are vitally interested in assessing the extent to which the sector will remain in private hands before they expand commitments of foreign investment to the sector. To date the new Government has not expressed interest in majority ownership of the mining sector. Rather, the Government wants to insure that the sector provides maximum economic benefit to the country while increasing job opportunities and management responsibility for Africans.

C. Manufacturing

121. The manufacturing sector is the most important economic activity in Zimbabwe, if measured by its contribution to GDP and the second most important as employer of formal sector work force. Ownership is concentrated amongst a few foreign and domestic corporations and banks. Trade and producer associations in the sector have provided important links with the Government but labor unions have been of lesser significance for workers. Government-supported infrastructure, favorable incentives and a well-developed banking and financial system have encouraged overall development of the sector but have not been particularly beneficial to smallscale African entrepreneurs. The sector suffers from shortages of foreign exchange and skilled manpower and now has considerable investment needs to replace worn out and obsolete equipment. Changes in some policies are needed to improve the sector's competitiveness and encourage smallscale industry and participation of Africans in the ownership, management and operation of companies in the sector.

Description

122. In 1979, manufacturing value added was 25 percent of GDP and the sector employed 14.6 percent of total formal employment. Labor productivity (gross value added per employee) was Z$4,210 or the highest among the commodity producing sectors. Much of the sector is resource based and two industrial groupings, metal and metal products and foodstuffs, drinks and tobacco products, dominate. These groupings are of approximately similar size and together contribute about 55 percent of industrial value added and provide about 50 percent of employment in the manufacturing sector (Statistical Annex, table 8.04). The most important industry within the first grouping is iron and steel. Significant industries in the second grouping ranked by value added are beer and spirits, dairy products, tobacco, slaughtering and milling.

123. By far the largest share of manufacturing value added, output and employment is attributable to privately-owned enterprises, many of which are controlled by foreign companies or individuals. Relationships between private businessmen and the Government have been close. In particular, private sector's trade associations, most significantly the Confederation of Zimbabwe Industries (CZI) have had close contacts with the Government and have become important advocates of the sector's well-being. These associations along with those for mines, commerce and agriculture provide the membership for the private sector coordinating committee which can meet with high-level civil servants and politicians to discuss concerns of mutual interest. Historically, these associations and their regional or local affiliates have had close consultations with the appropriate government level before Government's major policy decisions concerning the business community have been taken.

124. Labor unions were not encouraged by previous governments, perhaps because of their potential political role, and have not been particularly effective in establishing wages. Instead wages have been determined by a process of discussions between the various employer associations and representatives from the different workers' groups, with the Government looking on as a conciliator. Various governmental acts including Industrial Conciliation Act, Factories and Works Act have been influential in determining wages, conditions of employment, and the training facilities for Africans. The Ministry of Labor and Social Services is the ministry with the main concern for labor in the Central Government. This ministry, which administers the Factories and Works Act provides extensive occupational safety advisory and legislative enforcement services and, now that national minimum wage legislation has been enacted, is charged with enforcing the act. The ministry has expressed interest in achieving a more equitable functional distribution of income and in improving labor productivity and maintaining harmonious relationships among employers and employees. The current minister has expressed interest in the formation of workers' committees but ministerial actions to increase worker participation will undoubtedly await the findings of the Commission of Inquiry on Incomes, Prices and the Conditions of Service.

125. Zimbabwe's physical infrastructure, electric power, rail and road transport, and telecommunications, are adequate at present and are well maintained and dependable. Much of the infrastructure is old, however, and

needs rehabilitation or replacement. The Central Government has provided most infrastructure freely or at subsidized cost, but since much of manufacturing activity takes place in Salisbury and Bulawayo provision of these services has been relatively economically done. New manufacturing endeavors have traditionally been able to count on provision of infrastructure but Government does not usually provide infrastructure which it feels can be paid for by the enterprise itself or which appears to be obviously uneconomic. In general, however, user charges; if applicable, are subsidized. Usually they are established on an historical-cost basis thus yielding rates which are far below what demand pricing or replacement cost would call for.

126. Numerous financial and promotional institutions support manufacturing activities. A full range of facilities for financial intermediation are available. In recent years commercial banks have advanced a total of Z$75-85 million to the manufacturing sector or about 24 percent of their total advances, generally at interest rates of between 5-8 percent. IDC has been a significant developmental institution. From 1963 to date it has provided equity investments and loans to 25 companies totalling about Z$25 million for a diverse set of manufacturing activities such as motor assembly, engineering, textiles, clothing and chemicals, as well as mining and financial services. A great majority of small industries assisted by IDC have become healthly and prosperous businesses. Other help for smaller businesses includes the Development Finance Company (Private) Ltd., which was established by IDC in 1979 primarily to assist small businessmen. Two other institutions, the Small Industry Advisory Service and the Institute of Business Development have been functioning for several years. Both these institutions are in the private sector but are supported by the Government.

Industrial Policies and Incentives

127. The Government's industrial policy has been founded and developed with the conviction that the industrial potential of the country is best developed by private enterprise and that the profit motive provides the basic stimulus to economic activity. The Government has followed a policy of minimum direct interference in the private sector but has retained overall supervision to ensure that public welfare is not prejudiced. Indirect influence by the Government is considerable. Given foreign exchange shortages and the sector's dependency on imported inputs the most important influence is through the allocation of foreign exchange. Receipt of foreign exchange allows increments in capacity utilization and output while Government refusal to allocate foreign exchange for the purchase of imports which compete with local production provides protection similar to that provided by a quota restriction. The allocation of foreign exchange is handled mainly by the Ministry of Commerce and Industry which allocates foreign exchange for imports classified into 30 categories (e.g., commercial, industrial, petroleum, vehicle assembly, defense, etc.). Priorities are assigned according to the critical nature or importance of a product. Bids are made on a six-month basis while allocations are made every three months. The function of distributing foreign exchange allocations within the different categories is

directed by the ministry but delegated to the different associations of businessmen meaning, for the manufacturing sector, that CZI handles the task for the sector. The present situation, with very low tariffs and considerable scarcity of foreign exchange, can result in excessive protection to domestic industry and considerable economic inefficiency. The Government recognizes this, and has expressed its intention to move toward use of tariffs rather than quotas. The Government has also limited profits via price controls and has closely monitored firms' economic efficiency.

128. Besides protection from international competition the Government provides other investment and export incentives. The tax rate is low and has remained stable. Double taxation of income is avoided even if the originating country does not have a tax agreement with Zimbabwe. A 100 percent special initial income tax allowance is granted for the fixed investment in manufacturing and other sectors in addition to the usual depreciation allowances on fixed assets. Also, the Government Tender Board allows a 10 percent preference for local products and a further one percent for such products carrying the mark of the Standards Association of Central Africa, both aimed at assisting local manufacturers.

129. There are also a variety of fiscal incentives for promoting industrial exports although it appears that in most cases sales to the local market are more profitable than exports, even with the incentives. The incentives, nonetheless, help along with the allocation of foreign exchange for exports to ensure exports of manufactured goods. Drawbacks of customs duties which have been paid on parts and materials used in manufacturing are normally granted upon export of the finished product. Further, the Ministry of Commerce and Industry administers several other export incentive schemes such as an Export Revolving Fund, and Advance Payment for Exports.

Performance

130. Data for the general performance of the manufacturing sector, presented in table 21, indicate that by all measures the sector performed remarkably well from 1967 to 1974 but faltered thereafter as foreign exchange became scarce and disruptions due to the war increased. Gross value added (in nominal terms) increased very rapidly, at over 17 percent per year on average through 1974 but then slowed to 6 percent per year on average through 1978. Growth and employment in the sector was the highest of any major sector between 1967 and 1975 when 67,000 new jobs were made available. Thereafter a decline of 14,000 jobs was experienced. Labor productivity, defined as value added per employee (in nominal terms) has increased steadily throughout the late sixties and seventies; net capital expenditures increased rapidly until 1974 and declined significantly thereafter. Preliminary indications are that the sector managed to recover rapidly between 1979 and 1980, at the rate of nine percent per year (in real terms), or much faster than GDP as a whole. This recovery, which is most importantly related to the increased availability of foreign exchange, has meant that the manufacturing sector's contribution to GDP has increased to nearly 25 percent.

Table 21: ZIMBABWE--OVERALL GROWTH OF MANUFACTURING SECTOR, 1967, 1974 and 1978

Description	Absolute Levels			Annual Growth Rates	
	1967	1974	1978	1967-74	1974-78
Gross Value Added ($Z mil)	157.4	477.0	602.2	17.2	6.0
Average Number of Employees ('000)	85.4	148.0	138.5	8.2	-1.7
Labor Productivity (Z$ per worker)	1,844.0	3,222.0	4,348.0	8.3	7.8
Production Volume Index (1964=100)	107.7	213.2	182.5	10.2	-4.0
Net Capital Expenditure (Z$ mil)	15.2	102.2	45.3	31.3	-23.0
GDP Deflator Index (1965=100)	99.4	137.0	197.0	4.7	9.5

Source: Statistical Annex, table 8.05.

131. In the late sixties and early seventies, total wages paid by the manufacturing sector increased, at an average annual rate of 14.7 percent per year but gross profits increased even faster at 19.2 percent per year (in nominal terms). Beginning in 1974, however, total wages continued to expand at a respectable eight percent per year on average but expansion in gross profits declined dramatically to just under four percent per year. Indications are that manufacturing wages have continued to increase rapidly in 1980 but it is difficult to know what has happened to gross profits. Usually, in situations where capacity utilization increases, profits expand but new wage minima may slow their recovery somewhat. Data are not available for investment in the sector in 1979 but suggestions are that the level of capital expenditures, which declined quite drastically between 1974 and 1978, have not recovered in 1979 and 1980.

Issues and Prospects

132. Two principal constraints facing the manufacturing sector are the severe shortages of foreign exchange and skilled labor. Both of these have been influenced importantly by the imposition of international economic sanctions, and the war of independence. Skill shortages have been exacerbated by generally inadequate training programs, and by a tendency in most programs to have an overseas orientation. This has allowed increased international mobility of workers. Two other issues are the need to increase productive efficiency in certain sectors and the considerable investment requirements for repair and replacement of obsolete equipment. Finally, growth of smallscale, less capital-intensive industries, should be fostered to expand non-agricultural employment opportunities, and to provide a breeding ground for innovation, entrepreneurship and improvement of human skills.

133. In the short run the foreign exchange constraint can be lessened by expanding exports and foreign borrowing. Over the longer run the problem must be dealt with by changes in the incentive system. Import controls generally lead to excessive protection to domestic industry, which, in turn, breeds economic inefficiency and dependency on imported inputs. Thus it is desirable that a relaxation of quota controls take and that Government continue to make export industries special beneficiaries of foreign exchange allocations. This would be followed by a gradual increase in the use of customs tariffs. Until now, however, the Government has been implementing a policy of selective protection for industrial development. In order to smooth the transition from the war and semi-closed economy to a peace time and open economy, and to strengthen its industrial base in the long run, the Government should move away from the present "case-by-case" industrial incentives approach. It should conduct a comprehensive review of the import tariff structure and the quota system, and devise uniform tariff rates for mature industries. Temporary "infant-industry" protection tariff rates could then be applied to carefully selected infant industries, justified by subsectoral development strategies. Careful planning and time-phasing as well as support programs for the adversely affected subsectors are required to smooth the transition from one policy regime to another.

134. The external trade regime is only one though an important aspect of the incentive system. Others such as government fiscal and licensing measures and price controls have substantial impact on the sector. For instance, the sector's investment needs are substantial and will most probably not be forthcoming unless most of the savings are generated by the sector itself. Such saving and investment activity is sensitive to many factors but the Government could exert a strong positive influence if price and profit margin controls are not oppressive. Over the next few years it may be possible to relax or remove the controls. Failing that, the administration of the controls should be efficient and they should be implemented in order to limit excessive profits, rather than as part of an anti-inflationary program.

135. Similarly, encouraging training and smallscale enterprises can be more easily accomplished by selective incentive concessions. The sector's skills shortages are so accute that, as an interim measure, recruitment from abroad will probably be needed. Still, pragmatic but vigorous programs for the development of vocational skills and professional training among the local people is essential. Unfortunately, such programs are also costly, suggesting that fiscal incentives for training could be usefully employed. Selective incentives for smallscale enterprises tend to be difficult to administer with the result that schemes for aiding smallscale enterprises usually emphasize creation of special credit and advisory services. It is less frequently realized that licensing requirements, zoning regulations, administrative procedures, etc., usually have a bias toward larger-sized firms for which the cost of compliance represents a small portion of total operating costs. As a result, selective exceptions or concessions in these areas can have a benefical impact on smallscale industrial development.

D. Transport

136. Zimbabwe, a landlocked country, is well served with internal and external transport facilities. Air transport, though secondary in importance to railways and roads, provides a vital link between major cities and with other countries in Africa and Europe. The country has eight airports, of which three, Salisbury, Bulawayo and Victoria Falls are international. Air Zimbabwe, a profit making parastatal company with an internal monopoly, has carried about one million domestic and half a milllion international passengers in recent years. The airway's freight service has been relatively insignificant. Both passenger and freight traffic could pick up considerably if Salisbury becomes an important transport and communications center for the southern African region.

137. Railway and road transport are of primary importance to the country. The railways are operated by another parastatal, National Railways of Zimbabwe (NRZ) and have carried about 12-13 million tons of freight per year for the past several years. The railway system serves most parts of the country well and allows access to the sea via Mozambique, through Beira and Maputo and to ports in South Africa via South Africa and Botswana. It also runs north to Zambia thus enabling a link up with the Tazara Railway to Dar-es-Salaam. As with the railways, the road network is well developed and positioned. All of the paved roads and some of the gravel roads have been well maintained although some roads need strengthening. The war and lack of maintenance has left much of the remaining network, especially in the TTL areas in poor shape. Most freight and passenger movement by road is accomplished via private transport companies or individuals.

The Highway Sector

138. The total road network is comprised of some 85,000 kilometers of roads; 46,000 kilometers of which are gravel and another 27,000 of which are earth track. Slightly over 12,000 kilometers is paved with two-thirds of this being two-lane roads. Responsibility for roads (construction, maintenance, and financing) is divided between the Central Government (the Ministry of Roads and Road Traffic--MRRT), rural councils, municipal governments and the district administration. Of these four road authorities, district administration is responsible for about half of the total road network, while the rural councils are responsible for another one-quarter and the Central Government for slightly over 19 percent. It is generally the case that the authorities with responsibility for the longer networks have larger proportions of earth and gravel roads which are less costly per kilometer to construct and maintain.

State Roads

139. The state or central government road network, comprising 16,500 kilometers, links the main population centers and provides international links through Victoria Falls and Chirundu (for Zambia), Nyamapanda (for Malawi), Beitbridge (for South Africa) and Umtali (for Beira) in Mozambique. The state road network also serves rural areas of high population and provides

access to large development projects in the mining, agricultural and industrial sectors and tourist areas. The standard of construction and maintenance of these roads is high and they have longer normal life than most countries in the region. Routine and periodic maintenance is efficiently done by the MRRT which corrects those road links which have a low "present serviceability index." Equipment for maintenance of such roads is rented from the Government's CMED or, when not available from CMED, from local contractors on the basis of annual tenders.

140. The Ministry of Roads and Roads Traffic is responsible for the state road network and has the third largest number of established posts for any ministry behind those of the Ministries of Education and Culture and Health. In addition to its responsibility for state roads, the Ministry is in charge of the regulation and control of road traffic. The ministry strictly enforces vehicle axle load regulations and carries out vehicle inspections to ascertain vehicle road worthiness. Over the last six years total expenditures for state roads have averaged about Z$35 million; about half of it has been for capital items. These total expenditures are about Z$10 million per year higher than in the early seventies mainly because of the requirements to expand the road network for defense purposes.

Rural Government and Municipal Government Roads

141. The elected rural councils are responsible for the 23,400 kilometer secondary road network which mainly serves the commercial farming areas. The autonomous municipal authorities look after some 5,300 kilometer of roads within their limits. Rural council revenues are obtained from taxation of owned land and vehicles, but the Central Government also gives grants, based on road length, and provides a proportion of the revenue from its own surcharge on heavy vehicles. Few councils have permanent technical or engineering staff and consulting engineers provide services when required. Both the rural council and municipal roads are constructed and maintained to a high standard. In recent years annual expenditures on rural council roads both capital and recurrent combined have been about Z$5 million.

District Administration Roads

142. The 40,000 kilometers district road network, comprising mainly of earth track (57 percent) and poor gravel roads (43 percent), is located in the comparatively undeveloped TTL areas. A substantial portion of the network has been damaged during the war and has deteriorated badly due to lack of maintenance; there has also been deterioration in the other TTL public works such as water supplies, schools and cattle dip-tanks. Revenues were formerly collected by the district administration by levies of 10 percent on cattle and crop sales; these levies have recently been abolished. Funds were made available in the past through the ADF to district commissioners who administered all public works activities in the TTL areas. Records of expenditures on the TTL roads over recent years are not meaningful since activity virtually ceased during the war period.

Traffic

143. Figures on road traffic are dependable only for state roads but the historic overall traffic growth rate from 1967 through 1972 would appear to be about nine percent per year. Thereafter the data for the main rural roads indicate that traffic dropped considerably, perhaps back to its 1968 levels. Commercial vehicle traffic grew somewhat until 1976 and then leveled off. The result is that other traffic, mainly passenger vehicles declined drastically. Traffic on state roads has grown by some 30 percent over the six months since March 1980, when fuel rationing was abolished, and overall traffic volume is now finally above 1975 levels. Many existing state roads can handle likely traffic increments, for the next few years assuming adequate maintenance. The design life of some has been exceeded, however, suggesting that a program of widening and strengthening will also be needed. Many of the roads in the heavily populated TTL areas are not sufficiently well constructed and maintained to handle traffic increments which could occur if the Government's rural development plans are successfully implemented. These will require upgrading and more regular maintenance.

The Central Mechanical Equipment Department (CMED)

144. The role of the CMED, in regard to both road strengthening, improvement and rehabilitation and overall public works is vital. It is attached to the Ministry of Transport as an autonomous body operating essentially on a commercial basis for the hire of vehicles, plant and equipment to the Zimbabwean government ministries. Its function is to purchase, own, hire, maintain, repair and replace all government vehicles, earthmoving and construction equipment and lakecraft. The present fleet consists of some 8,000 vehicles and about 2,500 units of equipment and plant. The majority of the vehicles, equipment and plant are held as Permanent Issue Fleet by the various ministries such as Roads and Road Traffic, Works, Water Development, Internal Affairs and the Police. There is also a Temporary Issue Fleet for occasional use by government ministries and an Internal Fleet for CMED's own use. CMED has six provincial divisions containing main workshops and stores and headed by a provincial manager. In addition, each provincial division has some six to seven minor and field workshops supporting various government-concentrated activities such as road construction units. Income is derived from charges levied against ministries and government departments for hire of fleet units and such income is meant to make CMED self-supporting.

Issues and Development Needs

145. Total development costs for roads for the next five years could well equal Z$340 million. 1/ Of this, Z$49 million would be for rehabilitation of war damage and Z$29 million would represent the cost of replacement of worn out and obsolete equipment. Most of the balance would be spent for strengthening

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1/ This figure may include some provision for reconstruction of damaged infrastructure which can be carried out along with road repair and rebuilding.

and extending the present road network into economically productive areas, something which has been deferred due to the war. This expenditure includes costs which the Central Government could incur, by extending the state road network to include portions of TTL roads which are now cared for by the district administration. Equally important, the amounts are for development expenditures only and do not include estimates for the increments in recurrent expenditures which would be required to prepare and maintain an increasingly large and sophisticated road network.

146. In view of the potential size of expenditures on the road network, a most significant issue facing the Government in the short run concerns how to raise resources to meet their requirements. Expenditures of Z$41 million are envisaged by the district administration for the next five years for improvement of TTL roads. At present the district administration lacks technical and professional manpower and may need technical assistance to plan, organize and execute its road program. Of particular importance is identifying the geographical areas with good agricultural potential and to coordinate investments in both sectors. In the longer run careful planning is needed to ensure that appropriate technical methods are adopted for improvement of TTL roads and that sufficient resources would be available to meet the recurrent cost requirements of preparing and maintaining an expanded and improved road network. Raising capital and foreign exchange requirements, for the next few years can be accomplished to some extent by external borrowing since both the Z$49 million rehabilitation requirement and the Z$29 million required for equipment are attractive to foreign donors. Insuring longer-run adequacy of recurrent expenditures and foreign exchange will be more difficult, however. Matching capital and recurrent expenditures requires the sort of planning and projections which the new planning apparatus should undertake. Reducing the need for imported equipment and fuel and increasing employment opportunities in the TTL, the main focus of new programs, may best be achieved by insuring that labor-intensive technologies are employed in future projects.

147. Resource limitations for CMED and MRRT extend beyond financial ones to shortages of qualified staff. Eighteen (25 percent) of the posts for engineers and 226 (42 percent) of the superintendent and technical posts are vacant. The CMED's establishment for artisans is about one-third below strength with 115 vacant out 325 posts; most artisans have been lost to the private sector. Planning and project preparation capabilities in both units are seriously deficient. Attempts to solve the problem by recruitment both at home and abroad have not been successful. It will be necessary to rely on the private sector and expatriate technical assistance to provide for immediate needs. Training programs are needed for the longer run, but here, too, present capabilities are limited and must be expanded.

Railways

148. Zimbabwe's railway has 3,374 km 1/ of track, 275 diesel and 159 steam locomotives, 13,600 freight wagons and 475 passenger coaches. The

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1/ This includes 640 km of track in Botswana owned by NRZ.

system exits Zimbabwe at five places: Victoria Falls in the west on the Zambian border, Plumtree in the southwest on the Botswana border, Beitbridge on the South African border and Malvernia and Umtali on the Mozambican border in the southeast and northeast, respectively. Lines run inland from these towns generally toward Bulawayo in the southwest, Gwelo in the south central or Salisbury in the north. Lines also run from Salisbury in a north-westerly direction to Sinola and from Gwelo first east and then south to Fort Victoria. This leaves only the area southeast of Lake Kariba without rail coverage. The track system is in good condition and well maintained but much of it will need upgrading in the near future. Many locomotives are out of service; some await repair, others, mainly steam locomotives, await disposal. As a result locomotive availability is low, about 55 percent. Lack of spare parts and, more critically, a shortage of skilled labor are the main reasons for this low availability.

149. The railway's signalling system and workshops are all between 25 and 30 years old. The signalling system is of a centralized traffic control (CTC) type on the main line and of key-token or train-order type on the other lines. There is one central maintenance workshop in Bulawayo for all equipment, a minor workshop at Umtali for wagon and diesel locomotive repairs and five shops for diesel and steam locomotive running repairs. The maintenance quality is high but work output is limited by the shortage of skilled labor. Presently, there are 236 vacancies at the skilled level, most of which are in the workshop. Another 110 people are due to retire before 1985. Training capacity is low and has started too late. It will probably take five to ten years before the backlog of skilled staff can be filled.

Operations

150. Apart from a shortage of locomotives, the operating efficiency of the parastatal railway company (NRZ) is high, especially by comparison with other railway corporations in Africa. Productivity averaged 132,000 km per available diesel locomotive over the last five years. Lately, wagon utilization has been 465,000 ton km per annum per available wagon. Staff productivity has been high and is still rising. In past years it has averaged 305,000 net ton km per employee. This rose to 380,000 net ton km in FY80.

151. Railway traffic in Zimbabwe is summarized in table 9.03 of the Statistical Annex. Since 1972, NRZ has carried between 12 and 13 million tons per year with minor variations from year to year. The most important commodities for local traffic are coal (2 million tons), iron ore (1.3 million tons) and fertilizer and agricultural products. Important export products are minerals, steel, maize, cotton, and sugar. Diesel fuel is a major import item, the rest constitutes mainly general cargo. Copper from Zambia and Zaire is the major transit item. Since the transit route through Mozambique was closed in 1974, export trunk routes have been through South Africa via Beitbridge or Botswana. Imports have all come through South Africa.

152. Inspite of high levels of productivity, NRZ operates at a significant loss. In 1979/80 the railway subsidy required from the central government budget was Z$32 million. If the cost of subsidies for passengers, coal

and coke, and selected other items are omitted the accounts would show a profit of Z$4 million. 1/ Such results were achieved in spite of continuing disruptions due to the war and indicate that the basic quality of NRZ's management is high. The railway has introduced efficient systems of operation and has encouraged shippers to forward or receive nearly all freight traffic at private sightings, the most efficient means of minimizing terminal costs.

Issues and Prospects

153. The cessation of hostilities and projections of rapid growth in GDP suggest that the railway's future is bright provided certain issues are attended to. Indeed, the possible expansion of freight and passenger traffic 2/ could result in revenue increments sufficient to make the railway profitable, providing tariffs for a few subsidized items are increased. Alternatively the subsidies for specified items should be moved closer to the intended recipient by making specific votes in the Government's budget rather than by a single overall government grant to cover NRZ's deficit. Revision and increments in tariffs would, whether or not the railway earns a profit, allow the parastatal's financial position to improve, something which is important if the large capital investments for rehabilitation, repair and upgrading are to be forthcoming.

154. The railway's biggest problem is a present and projected shortage of qualified staff. Presently there are 16 vacancies for professional officers, 61 for technical staff and 236 for artisans. Within 5 years vacancies due to retirement will include another 17 professional staff, 107 technical staff and 116 artisans. NRZ has no solution for the problem. Good management training institutions are available in Zimbabwe and training in lower management level has started, but this is not sufficient. The technical universities are short of facilities for training mechanical and electrical engineers and artisans. The magnitude of the problem can be seen by the fact that NRZ receives about 5,000 applications for training a year. Of these, they short list some 200 for final interviews. New training facilities and increased training can solve the longer-run problem. In the short run, external recruitment is required.

155. The rehabilitation of the routes through Mozambique to Maputo is a high priority for NRZ specifically and the economy generally. Transport distances are much shorter and tariffs and journey times correspondingly lower through Mozambique than through South Africa. In addition, congestion on the South African system is causing difficulties for the transit traffic and increases in wagon turnaround time. Such high dependence on South Africa also leaves Zimbabwe politically exposed to, for example, an embargo on oil imports.

1/ This figure would be lower if depreciation were calculated on cost of replacement rather than historical values.

2/ The extent of traffic increments for the railway would, of course, be influenced by higher tariffs and expanded competition from road haulage concerns.

156. Renewing use of the Mozambican corridor would involve improvement in the rail line, increasing motive power and most importantly, improving the port of Maputo. The attraction of Maputo over Beira is its much better deep water facilities and the fact that its rail line passes over easier terrain. Because of its deep water facilities, Maputo has the potential for handling large container vessels, something which is likely to become increasingly important for Zimbabwean traffic. In order to improve the port, dredging and physical improvements as well as improved port management will be required.

E. Energy

157. Zimbabwe consumed about 5.5 million tons of oil equivalent (TOE) of energy in 1979 or about 0.75 TOE (5.6 barrels) per capita. About 84 percent of this was supplied from domestic sources, mainly coal and fuelwood, while 16 percent was imported. Two-thirds of the imported energy was petroleum products, the remainder was electricity imported from Zambia. Demand for energy grew fairly rapidly in the sixties and early seventies but declined significantly beginning in 1977. Important sectoral issues are the need to decide on the pace of development of energy supply capabilities and the extent to which the Government should emphasize coal-fired thermal or hydroelectric power generation. A related concern is the need for a pricing strategy which encourages conservation and increases the sector's ability to finance its investments. Finally there is a need to cater to those people who use fuelwood as the main source of energy.

Supply

158. Of the total primary energy supply in Zimbabwe in 1979, coal provided 32 percent, non-thermal electricity 28 percent, fuelwood, 1/ 29 percent and petroleum products 11 percent (table 22). About 10 percent of the coal was utilized for the generation of electricity, meaning that electricity contributed 31 percent; coal, 29 percent; fuelwood, 29 percent; and petroleum, 11 percent of energy used by final consumers. All of the coal (2.6 million tons in 1979) was extracted from the Wankie coal field by a private company which, given existing government regulations, operates as a regulated monopoly. At present, an insignificant quantity is exported to neighboring countries but coal reserves are huge and export potential considerable. Electricity is generated by thermal plants in Salisbury and Bulawayo and by hydrogeneration facilities at the south bank of the Kariba Dam, jointly owned by Zambia and Zimbabwe and managed by the Central African Power Corporation (CAPC). Additionally, 1,300 GWh or 20 percent of total electricity consumed in 1979 was imported from Zambia's Kariba North and Kafue hydrogenerating facilities. Fuelwood comes from and is mainly consumed in the TTL areas.

1/ Includes all plant residues.

Table 22: ZIMBABWE--SUPPLY OF ENERGY

(thousands of tons oil equivalents & percentages)

	1973		1976		1979	
Domesically Produced						
Non-Thermal Electricity	863	(17)	1,428	(26)	1,241	(23)
Coal	2,024	(40)	1,984	(35)	1,770	(32)
Other (Fuelwood)	1,391	(28)	1,486	(27)	1,577	(29)
Imported						
Electricity	34	(1)	25	(-)	273	(5)
Oil	710	(14)	676	(12)	606	(11)
Total	5,022	(100)	5,599	(100)	5,467	(100)

Source: Statistical Annex, table 10.01.

159. Refined petroleum products have been imported from South Africa since 1966 when the pipeline from Beira, Mozambique to Zimbabwe's Feruka refinery at Umtali was closed. Although petroleum imports expanded rapidly until 1973, they have actually declined somewhat in volume since then. In mid-1980, the country's first ethanol plant was opened. The plant uses sugar as feedstock and produces about 40 million litres or 19 percent of present petrol consumption. This is mixed with one percent benzol to provide a 20 percent alcohol mixture for gasohol production.

Demand

160. Energy consumption rose fairly rapidly during the 1960s. Between 1973 and 1976 total consumption continued to rise somewhat, at an average annual rate of 3.7 percent per annum. Petroleum was rationed in the 1960s and again from 1974. This plus declines in economic activity caused reductions in demand. Between 1976 and 1979, total energy use fell 3 percent. Energy use per person declined 11 percent between 1976-1979, or from 0.89 to 0.79 TOE per capita.

161. The composition of energy consumption shifted so that the use of electricity increased by 29 percent overall between 1973 and 1979. During the same time span the use of coal declined by 13 percent and the use of petroleum products fell by 14 percent. Electricity consumption expanded mainly because prices were kept low thus making it cheap relative to alternatives. Coal demand fell because of a reduction in the need for power generation in 1975, when electricity from Zambia increased and demand by railways and one cement industry fell. The import increment resulted when Zambia commissioned its Kafue Hydroelectric Power Plant thus releasing power from the Kariba complex for export to Zimbabwe. The fall in the use of petroleum products is most importantly due to rationing although internal prices for some products, notably petrol, were raised markedly.

162. Table 22 shows the total demand, expressed in TOE, by user sector. As indicated manufacturing and commerce use the greatest share (33 percent). Interestingly, fuelwood users, mainly rural dwellers in the TTLs and people in the periurban areas, constitute the second most important energy consumers.

Table 23: ZIMBABWE--DEMAND FOR ENERGY BY SECTOR

(thousands of tons oil equivalents & percentages)

	1973		1976		1979	
Agriculture	261	(5)	365	(6)	370	(7)
Mining	308	(6)	424	(8)	418	(8)
Manufacturing and Commerce	1,716	(34)	1,965	(35)	1,846	(33)
Transport	565	(11)	495	(9)	428	(8)
Power and Other	781	(16)	864	(15)	828	(15)
Fuelwood	1,391	(28)	1,486	(27)	1,577	(29)
Total	5,022	(100)	5,599	(100)	5,467	(100)

Source: Statistical Annex, table 10.02.

Organization

163. When the new Govermment took office in April 1980, responsibility for energy was placed under the Ministry of Mines and Energy, but responsibility remained fragmented with the petroleum electric power subsectors remaining under other ministries. A new Ministry of Industry and Energy Development was formed early in 1981 with responsibility for all energy subsectors including electricity, coal, wood fuel and liquid fuels. Integrated longer-run planning for the sector has not yet been undertaken which, in view of the importance of energy requires to be addressed in the near future.

164. The distribution of petroleum and the production and distribution of coal are mainly undertaken by private companies but are regulated by the relevant ministries. Shell-BP, Mobil, Total, and Caltex are the major companies engaged in the distribution of petroleum products. These companies own the Feruka Refinery at Umtali but since the pipeline from Beira, mainly owned by LONRHO, is inoperable, refined products are now imported. The only operating concessionaire for coal is the Wankie Colliery Company, Ltd., a subsidiary of the Anglo-American mining group. The operations of this company

are governed by the Mines and Minerals Act and by an agreement between the Government and the Wankie company. The agreement provides that the company may earn a rate of return of 12-1/2 percent annually on historically valued net fixed assets from sales in Zimbabwe and 17-1/2 percent on export sales. Profits should not exceed 15 percent and 5 percent of the capital employed, respectively, for domestic and export sales. In a sense, therefore, the Wankie company, though privately owned, acts as a regulated monopoly.

165. The Central African Power Corporation (CAPC), the Electricity Supply Commission (ESC) and four-city electric departments for Salisbury, Bulawayo, Umtali and Gwelo are the main entities concerned with generation and distribution of electric power. The CAPC, the executing agency for hydroelectric power, is responsible for hydrogeneration and main transmission. Organized initally in the mid-fifties, it is jointly owned on a 50-50 basis by Zimbabwe and Zambia and operates the Kariba hydro complex which generates electricity for sale to various power distribution companies in Zambia and Zimbabwe. At present there are different perceptions in Zimbabwe and Zambia regarding how CAPC is to function. These differences arise from the fact that CAPC controls Zambia's transmission system from within Zimbabwe and about the price level that CAPC pays for Zambian power exported to Zimbabwe.

166. The Electricity Supply Commission is the largest electric utility in Zimbabwe and is responsible for distribution of electricity within the country except for the four cities which have their own distribution systems. The bulk of ESC's power requirements are purchased from CAPC. The Commission will be the implementing agency for the Wankie coal-fired thermal power project, the first phase of which could be completed as early as 1982. ESC's future role in the power sector in Zimbabwe depends to an important extent on how Zambia and Zimbabwe resolve their differences over the role of CAPC.

Energy Pricing

167. Energy pricing policies have resulted in consumer prices for petroleum products, which are at about their import parity levels. The average import cost per barrel of petroleum products in 1979 was Z$34.10. This compares with Z$3.49 in 1973. The average consumer price has risen by about 24 percent annually, thus keeping pace with these cost increases. Restraint of petrol consumption was accomplished by rationing between 1974 and June 1980 but the price of gasoline is at international price levels. At present it costs US$2.90 per US gallon or slightly higher than the UK price and about equal to prices prevailing in Europe.

168. The producer price for coal about equals the export parity level. The user price of coal varies depending on whether the user benefits from a transport cost subsidy paid to NRZ by the Government. The agreement between the Government and the Wankie Colliery regarding coal pricing encourages exports since prices for exports may be somewhat higher than those charged internally. The effect of the pricing agreement is a small subsidy on internally consumed coal but the logic, that coal can be economically exported and that the export parity price is a significant guideline, seems valid.

169. Electricity prices are low in Zimbabwe both by comparison to internal coal and petrol prices and by international standards. Much of the power comes from the Kariba hydrostation and is sold at the cost of production with the capital costs (i.e., the largest portion) being calculated on an historical rather than a current value basis. The real price of electricity has therefore declined since Kariba began operations in 1960. ESC sells power at an average price of US2.07¢/kwh. This is low both by world standards and in comparison to an estimated US3.78¢/kwh which would be required if the cost basis were altered to reflect current asset values.

Issues and Prospects

170. Zimbabwe has huge coal reserves and is situated in a region of considerable hydroelectric potential. The country's coal reserves are about 28 billion tons or, at the current rate of extraction of 2.3 million tons per year, 10,000 years worth of coal. The quantity recoverable, however, is not yet known. Unused hydro potential along the Zambezi (the Zimbabwean share only) is about 22,000 GWh/year or 3.5 times the country's 1979 consumption. Currently planned exploitation of hydro potential in Mozambique and Zaire could make additional power available for purchase by Zimbabwe by the mid-1980s. Given this potential it is obvious that the country need not depend heavily on petroleum imports for energy requirements. Some thorny issues still exist, however, and the Government does not yet have a long-term energy plan which deals effectively with them.

171. A first issue facing Government is to determine the appropriate pace of development of additional energy supplies. The pace at which energy supply capabilities must expand depends upon likely demand increments which in turn are importantly affected by the rate of growth of the economy, structural changes in the economy and the prices charged for energy. Current government estimates assume that the demand for energy, particularly electricity will grow rapidly. The estimates assume that economic performance during the eighties will be good, with GDP growth rates of perhaps 6-8 percent per year, and that energy demand will grow at rates similar to those that occurred in the sixties and early seventies.

172. The demand estimates imply that energy supply capabilities must be increased rapidly. Something which will require investment of perhaps as much as Z$350 million per year for the next five years. These amounts are large, and will be a significant portion of likely total gross investment. Investments of this magnitude could have a negative impact on investment and therefore growth in other sectors, something which could in turn lower other sector's demand for energy. Investments of such magnitude should also be accompanied by rising energy prices which would also dampen increments in the demand for energy. The impact that higher energy prices and lower non-energy investments might have on demand increments has not yet been taken into account by the Government. Neither have the possible effects on demand increments of shifts in the structure of the economy. These three effects should be taken into account in order to increase the accuracy of the predictions regarding demand increments and the required pace of increase in supply capability.

173. The first 480 mw of capacity of the Wankie power station will be complete by 1983 but the Government still faces a decision of whether to expand the coal-fired thermal station or push investments in hydro-generated power. The Government's decision on this issue will be most importantly influenced by its determination regarding the desired pace of supply increments. In essence thermal-generated power will be more expensive per kw but can be provided in a much shorter time period. Hydropower which will require longer to develop but perhaps similar magnitudes of investment, will probably require the Government to adopt a regional approach to power generation and to rely for certain periods on imports of power from some existing and some proposed hydropower facilities in Mozambique, Zaire and Zambia.

174. The financing requirements for the energy sector has been roughly estimated at Z$3 billion (current prices) during the 1980s. Such investment requirements are huge, both in absolute terms and more importantly, as a portion of what is likely to be total gross fixed investment in Zimbabwe over the next decade. As a result, the Government must develop a financing plan which will insure that the supply capabilities are expanded as needed but does not crowd out other investments unnecessarily. The most obvious way of doing this is to increase the internal funds generation of the power sector. As a rough estimate, it is likely that financing 30 percent of the power sector's investment requirements would entail raising charges per kwh of electricity from the present Z$1.24 by 83 percent or to Z$2.27. Such an increment will clearly have an impact on cost of production in those sectors such as manufacturing and mining which are the major users of power.

175. Fuelwood constitutes only 29 percent of energy consumption but because of high population growth, density of settlement and demand for agricultural land, serious shortages of forests and three plantations are developing in TTL areas where only about 30 percent of the land is under forest. About six million people are dependent on fuelwood to meet their energy needs in Zimbabwe and forests are not only a source of energy but a way of life providing construction materials, grazing grounds food and medicinal herbs. Although an apparent potential surplus exists in the country, distances and costs prohibit transport of surpluses to areas with shortages. The situation is also aggravated by the fact that charcoal has not been traditionally used in Zimbabwe and a charcoal industry has never developed. Government is acting to alleviate the erosion problems arising from the deforestation and increase fuelwood supplies by promoting pilot three plantation projects in the TTLs.

F. Basic Needs Services in Zimbabwe

176. The present government of Zimbabwe has expressed a strong commitment to develop basic needs services such as education, health, housing, water and sanitation. Two factors specially motivated this commitment: first, the facilities for basic needs services--hospitals, clinics, schools and so on--were seriously damaged during the internal strife and quick rehabilitation of these facilities is the most immediate concern. The second factor is somewhat

deeper. The present leadership considers that developing basic needs services would significantly improve the level of living of the rural population living in TTL areas, who constitute over 60 percent of the total 1/ population in the country.

Meeting Basic Needs: Current Status

Education and Training

177. Zimbabwe compares favorably with other African nations at independence in basic education infrastructure. Information about general primary and secondary education is summarized in table 24. The high primary enrollment ratio places Zimbabwe in the top third of African countries. Compared to this, secondary school enrollment ratio is low, only eight percent. This low ratio is primarily due to a very low enrollment of Africans in secondary schools.

Table 24: ZIMBABWE--SELECTED EDUCATION STATISTICS, 1979

	Enrollment	Girls as % of Total	Africans as % of Total	Enrollment Ratio	Teachers	Student Teacher Ratio	School
Primary							
Total	1,236,000	47	97	78% a/	28,162	44:1	3,161
Public	205,000	49	87		5,398	38:1	212
Private	1,031,000	46	99		27,764	45:1	2,949
Private							
Private as % of total	83%						
Secondary							
Total	74,300	45	73	8% b/	3,737	20:1	200
Public	37,950	46	52		2,027	19:1	74
Private	36,350	43	95		1,710	21:1	126
Private as % of total	49%						

a/ Six to twelve age group.
b/ Thirteen to eighteen age group.

Source: Ministry of Education.

1/ The African rural population consists of the people living on Tribal Trust Land, farmers on African Purchase Land (an area where Africans are permitted to individually own land) and African workers on European farms. Twenty percent of the total population live in urban areas. About 82 percent of the urban population are Africans, the remaining are Europeans and Asians. Eighty-five percent of the total European population, however, live in urban areas. The general urban-rural disparity in living standards is significant; however, the most glaring disparity is between urban Europeans and rural TTL population.

178. There are both public (government) and private schools for primary for secondary education. The vast majority of African primary students are enrolled in private rural schools, while only 15 percent are in goverment primary schools. The quality and internal efficiency of government primary schools is better. The dropout rate over the seven-year period is only five percent in government primary schools, as compared to forty-five percent in primary education as a whole. The superiority of government schools can be mainly attributed to the higher qualifications of the teaching staff. In these schools, almost all teachers are fully qualified. In other schools, only one-fifth have adequate qualifications. The quality differential between private and government secondary schools seems to be minimal, because all teachers in the private schools are trained and there is a tight screening process for entry into secondary schools. While primary education is free (but not compulsory), fees are charged for secondary education. The fees in secondary schools vary between government and private schools. Even for government schools, fees vary between urban and rural areas. Education is the responsibility of the Ministry of Education and Culture (MOEC). Even the private schools, which cater for 80 percent of general eucation, are registered and aided by the Government, which finances salaries and provides per capita tuition and boarding grants. MOEC also provides non-formal courses preparing for formal examinations, and community development programs to over 18,000 and an estimated 25,000 students, respectively. In addition, over 150 private centers, including those of the Adult Literacy Organization, enroll an estimated 100,000 students annually in functional literacy, basic education and skill training programs. MOEC is responsible for teacher training. Teachers are trained in seven primary teacher training colleges and one secondary teacher training college and, on a more limited scale, at the university. The selection of trainees is stringent and the level and quality of training is high. Of the 2,726 teacher trainees in 1980, over 90 percent are Africans and 55 percent are women.

179. Technical education is under the authority of the Ministry of Manpower Planning and Development. Skilled worker and technician training is mainly provided through the "apprenticeship" system financially supported by employers' payroll taxes and workers' salary levies. The training programs include technical education in polytechnic schools followed by practice on the shop floor under the supervision of registered highly skilled staff (journeymen). In 1980, 2,440 industrial students were enrolled in the two polytechnics. The quality of the courses are high due to the job orientation of the curricula and the outstanding qualifications of the teachers. Presently about 4,800 former polytechnic students are going through practical training in industry in seven main categories of programs covering 80 trades. Of these apprentices, 1,160 are Africans (24 percent). Although the latter figure is still modest, it represents a substantial progress as compared with the 575 African apprentices trained over 15 years (1961-76).

180. Polytechnics also provide courses of their own in commerce and secretarial skills (3,300 students), adult education (460 students), administration and management (760 part-time students), and supervision training

courses to upgrade African skilled workers into foremen. A number of small training centers have also been set up by private firms and public agencies to meet their specific training needs. Higher technical education is provided by the university which maintains close liason with the engineering profession. The programs are highly appreciated because of substantial job-oriented practical components. Administration and management training is offered by the Zimbabwean Institute of Management, and Public Service Commission and Staff College of the Ministry of Public Services, the university and a number of private institutes. Health personnel training is under the responsibility of the university for doctors in medicine and chemists and the Ministry of Health for registered nurses, medical, maternity and health assistants, and village health workers.

Health

181. As in most aspects of its citizen's lives, Zimbabwe presents a dichotomous picture of health status. The health conditions for most Africans are largely affected by poor nutrition and poor sanitation, most notably due to contaminated water which aggravates the incidence of communicable diseases. The rich minority, on the other hand, is generally healthy but suffers from degenerative diseases more like those which are prominent in developed countries. The data, though incomplete, show that the three most important causes of reported deaths of Africans are measles, pneumonia, and diarrheal diseases. These are comparatively insignificant for Europeans, for whom the most frequent causes of death reported are heart ailments and cerebro-vascular diseases.

182. The available morbidity statistics for 1975-78 show a preponderance of waterborne and waterbased diseases among the African population. Diarrhea and dysentery are the most common. There was an outbreak of cholera in 1973-74. Bilharzia (schistosomiasis), malaria and typhoid are also quite widely prevalent. Pneumonia and measles are the two most common airborne diseases.

183. As in most LDCs, malnutrition is one of the major causes of ill health amongst the Zimbabwean African population, even though statistical averages do not show it. The average dietary energy supply for the period 1969-71 was 11 percent above daily requirements or better than most other African countries. 1/

184. The link between infection and nutritional deficiency is most evident among children. For example, if measles and malnutrition occur together, the result is often fatal. Many deaths result from measles in Zimbabwe. MOH reports show that in 1978, measles accounted for 3.6 percent of reported infant deaths. This more than doubled to 7.8 percent in 1979. A local health and nutrition survey, taken in 1972 in Que Que Tribal Trust Land showed that almost 20 percent of school children were below the tenth percentile of height for age (Harvard standards) suggesting a severe health and

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1/ The data suggest that Kenya is two percent above requirements, while Tanzania and Malawi are two percent and five percent below, respectively.

nutritional problem amongst children. The conclusions of this study are that the most important factors causing nutritional deficiencies are poverty and lack of parental education. From this it follows that the biggest advancement in health would come from improvement in the physical level of living and educational attainment of most Zimbabweans.

Health Services

185. The present health service system in Zimbabwe is the legacy of colonial days and was primarily designed to cater to the needs of that segment of the population. The emphasis was on curative facilities; insufficient attention was given to preventive and promotive services for health development. The system also showed an extreme urban bias.

186. Currently there are five different providers of health services in the country. These are the Central Government, through the Ministry of Health (MOH); voluntary agencies, usually church hospitals and clinics for the rural population; local authorities--urban and rural (mainly African) councils; industrial medical services; and lastly, the private sector. Of these five, MOH is the most important provider of health services as measured by level of expenditures, followed by local authorities and missions. Although MOH expenditures on its health facilities alone were nearly 50 percent higher than that spent by local authorities in 1979, the total number of outpatients served by these 2 sources was roughly equal in 1979. MOH facilities took relatively more inpatients who cost substantially more than outpatients.

187. The Ministry of Health has the responsibility for the four large modern hospitals in the country, two of which are located in each of the major cities of Salisbury and Bulawayo. Previously the use of these hospitals was divided, one for Africans and one for non-Africans in each city. Now all four have been integrated. MOH is also responsible for a general hospital with approximately 250 beds in each of 11 other urban areas. There are in addition, even hospitals specializing in specific diseases such as TB, mental illness, etc., which fall under the purview of the MOH.

188. The MOH also manages 29 district hospitals, each with approximately 100 beds. These are located in district headquarters. In the rural areas, the MOH runs 58 smaller rural hospitals. Beyond that, more basic health facilities are provided to rural people by 300 rural health clinics, also known as primary health care centers. In the past these were mostly run by local authorities, but funded 50 percent by MOH. Recently, MOH has assumed full responsibility for funding the centers.

189. Thus, till recently the MOH has had a restricted role in providing health services in the rural areas. Missionary clinics, some of them funded partially by MOH via grants, were responsible for 60 percent or 2,600 out of 3,560 hospital beds in TTL areas. Again, beginning September 1, 1980, these hospitals have been taken over by MOH. Industrial medical services are available to employees in industries and mines. The provision of these health services remains the responsibility of the employers.

190. On the average there are 500 persons per hospital bed in Zimbabwe. Differentiated, on an urban/rural basis, this figure shows that there are about 300 persons per bed in the urban areas and nearly 600 persons per bed in facilities, one can see that the health situation in the TTL areas of Zimbabwe is similar to or worse than that in the rural areas of several neighboring African countries. The situation has worsened since 1973. It is estimated that 60 percent of rural health clinics are out of commission due to war damage, while many additional missionary hospitals have been closed down or abandoned.

Housing 1/

191. In the urban sector, the location and growth of urban areas has closely followed the agricultural lands earmarked by Europeans for their own use. All investment in urban infrastructure and development has occurred in these areas, and no urban centers have been established in the TTLs. Eighty-five percent of the European community live in the cities, nearly 20 percent of the African population do. Although the Europeans comprise less than 18 percent of the urban population, they occupy 70 percent of the urban land.

192. Most non-Africans live in infinitely better quality houses than Africans, reflecting their respective income levels. Nearly all non-African dwellings have more than two rooms each. Until recently, the urban Africans did not own the house in which they lived; now, since relaxation of restrictions on African ownership, some do. 2/ Typically, Africans live three to a room in the main urban areas. Similar statistics apply to smaller townships, including district and provincial towns, although the standard of housing more closely approximates that in the TTL areas. Numerically, the housing situation in the TTL areas is little better. According to the 1969 census there were an average of 2.2 persons per room in the TTLs. The figure has undoubtedly risen since rural population increments have outstripped increases in the housing stock since the onset of the war in 1973.

193. These aggregate figures indicate, roughly, the current situation with respect to African housing in Zimbabwe. They suggest that the situation in Zimbabwe is more or less similar to that in surrounding African countries as far as rural housing is concerned. In urban housing, the situation is somewhat better. The problem faced by the current Government, however, is to prevent these statistics from getting worse, particularly in the urban areas. In the past, attempts at "squatting" on vacant urban land by families without other housing alternatives were vigorously prevented by the local authorities. This antisquatting policy was fairly effectively enforced such that it was

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1/ Although the discussion here includes references to the overall housing conditions, the focus is on the housing needs of the urban African population, which is already pressing, but is likely to get far more serious in the future because of substantial increase expected in the urban African population.

2/ All new houses are now for home ownership and the Government intends to gradually convert the existing rented houses into home ownership.

estimated that in 1978 there were only something like 50,000 squatters (including war refugees) scattered around the urban areas. The housing development services of the Ministry of Local Government and Housing (MLGH) estimated that in October 1980 this figure had fallen to 35,000 squatters. If its figure is correct, then it appears that the situation in Zimbabwe today is similar to that which applied in many other east African countries at the time of independence. Thus Zambia, Malawi, Kenya and Tanzania all had controls over population movement and urban settlement in the preindependence era such that there were virtually no squatters in the urban areas at the time of independence. By the mid-seventies all of these countries had urban areas in which 30-40 percent of the population lived in squatter settlements, a fact which suggests that Zimbabwe, too, is likely to experience an urban population explosion over the next few years. Furthermore, unless an adaptive strategy is adopted, a considerable number of these could end up living in squatter areas under conditions well below minimum standards suggested by basic needs requirements.

194. Accurate projections of the possible urban population expansion are not possible but the potential magnitude of the problem can be appreciated by referring to some estimates made by the mission upon return from Zimbabwe. The Government has recently 1/ used a figure of 11.5 percent to estimate the rate of increase of the urban population. Although this could occur for a brief period of time, it is more likely that a sustained annual growth rate for the next 5 years would be 10 percent. If this figure is applied to an urban population base of 2.1 million 2/ one can calculate an average annual increase in the urban population of nearly 260,000 persons during the first 5 years of independence. This translates into between 43,000 and 52,000 new families during the five-year period. There is presently a back log of about 45,000 applicants for housing in all municipalities. Thus it appears that the urban areas will experience an increase of something like 100,000 families over the next 5 years implying that 295,000 new houses are required over that period. 3/

Urban Housing Program

195. At present the Ministry of Local Government and Housing has wide-ranging responsibility for social and economic services in both the urban

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1/ "Proposals for a Five-year Program of Development in the Public Sector." Annex: Urban Development in the Main Centers, 1979.

2 This figure, which is 0.6 million above the official estimate, accounts for refugees and squatters.

3/ This estimate of the total new houses required over the next five years was made on the basis of housing needs of the projected growth of urban population (assuming 5 persons per household) and the backlog of applications for urban housing. The World Bank estimate is much higher than the government estimate (167,000) for the next 5 years because the latter excluded 15 percent as not affording urban housing and used a lower estimate of urban population growth.

and rural areas. With respect to housing, the ministry enforces housing construction codes, plans and coordinates urban development and undertakes physical planning or regional and rural development. Additional tasks in the urban area are to undertake construction of low-income housing or to provide technical assistance to local authorities who are undertaking housing projects. Finally, the ministry is responsible for conducting socioeconomic and technical research for low-income housing.

196. Sources of funds for house construction in the urban areas vary depending on whether the housing is to be used by Africans or non-Africans. Most non-African housing is financed by owners through borrowings from financial intermediaries, most notably building societies. In recent years about 52 percent of total expenditures for African housing came from the Local Government Areas Building Fund, a fund established by the Government in the mid-fifties for construction of housing and ancilliary services for Africans. The remaining finances originated mainly with local authority funds which were in turn obtained by borrowings from the money market, building societies, or user charges for various local authority services.

Water and Sanitation

197. In the cities and most rural council areas where the population is predominantly non-black, the water supply is from piped connections and sanitation is waterborne. In the rural TTL areas 99 percent of the water supply comes through boreholes filled with hand pumps; sanitation has remained primitive except for a few pit latrines, which are only a slight improvement over no sanitation.

198. The Ministry of Water Development (MWD), the municipalities, townships and government stations in rural areas (district commissioners) are the four units responsible for supply of water and sanitation. The Ministry of Water Development sells water in bulk at the economic rate to the municipalities, which are responsible for distribution. For the approximately 350 townships and government stations, MWD has in most cases both the supply and distribution (retailing) responsibilities. Out of the 350, only about 12 share some retailing responsibilities. Water charges in the townships are often below the economic cost; for the government stations, they only cover the recurring cost. Overall, MWD fixes its tariffs to break even in the total, covering operating costs excluding depreciation and debt service. The current tariff is Z$0.30 per gallon. For 1979, the last year for which a report is available, an overall loss of MWD's operation of Z$330,000 was sustained. In general, payment record of the urban users of water is very good. About 90 percent of urban consumers pay their bills in time.

199. In the rural TTL areas, water is free, but the supply is seriously inadequate. MWD estimates that for about 80 percent of the population, safe drinking water is available within 3 miles, but only 20 percent have a portable supply (including untreated borehole water). This average figure of water supply is misleading because of wide regional disparities. The predominant source of drinking water is the boreholes. These are made by MWD and then handed over to the district. Ninety-nine percent of boreholes use hand pumps. There are a few small dams for rural water supply.

200. Altogether, there are 2,444 boreholes in TTL areas, each one covering about 66.6 sq. km (African Purchase Land, another category of rural habitation by Africans, has 343 boreholes, one borehole covering an average 30.3 sq. km). Thus, wells are a familiar feature in the rural areas of Zimbabwe, but unfortunately many of these are unprotected and do not provide pure water. Local public health officials stated that when wells are protected and fitted with standard hand pumps, water quality is often excellent and eagerly sought by the villagers. The standard hand pumps are designed to pump water from wells at least 50 feet deep; this requires levers and water tight washers. These two parts wear out most easily, especially if conditions are unfavorable or if the facility is abused. Although regular repair work becomes necessary, no local agency can do it. Thus, many of these tubewells can remain out of order for a long time, causing shortages of drinking water in the villages.

201. In sharp contrast to the urban areas, the rural TTL areas have little sanitation. Only a few have constructed deep pit latrines. These are cheap to build, easy to use, and require little maintenance, but they also have a serious disadvantage as sites where flyborne diseases are transmitted. Many attempts were made to overcome the offensive odors and fly breeding commonly associated with pit latrines. In 1976, a ventilated privy was developed to provide complete protection against flies and odors emanating from the pit without use of water or chemicals. The method is still being tested.

Future Development of Basic Needs Sectors: Issues and Requirements

202. The current status of basic needs sectors and the overall goal of the present Government to improve the level of living of the neglected TTL population clearly indicates the general future direction of these sectors. First, to meet the basic needs of the vast majority, the orientation and functioning of the delivery systems will have to change to provide substantially more services to the rural poor, who have had limited access to services so far. Second, because of the intersectoral linkages, many of the services will have to be developed in a multisectoral framework. For example, health development programs will have to be closely coordinated with programs with better sanitation and provision of safe water supply, more adequate nutrition for the vast majority, and decent housing for those who do not have now. Similar intersectoral linkages that will have to be promoted in the future can be pointed out for the other social sectors. Third, arising from the need of multisectoral approach to meeting basic needs, the future development of basic needs services will have to depend on more local government participation in the design and provision of services.

203. In education, the system is going through a transition in response to pressure by Africans for access to greater educational opportunities. The two ethnically separated systems were amalgamated into one common structure in 1979 and there has been an increase in primary enrollment of over 50 percent in 1980. The Government is reassessing ways and means of implementing its basic objectives which are universalization of basic education and formal and non-formal, junior secondary education and expansion of vocational training.

No comprehensive manpower and education development plans have yet been introduced. However, the outcome of ongoing planning operations is expected to be known in the second half of 1981. It is anticipated that the plan which emerges will aim at substantially increasing access to education and training for those who have had limited access in the past.

204. In health, more emphasis on primary health care is needed. This involves extension of basic health facilities to the rural areas. Such primary health care centers will have to be integrated into the health system hierarchy. Also, more emphasis on preventive, as opposed to curative, measures as needed, since these are most cost effective forms of health provision. (According to MOH sources, 90 percent of the diseases in Zimbabwe are preventable.) The primary health care centers would be staffed in part by village health workers who, in addition to diagnosing and treating simple, common diseases will have to educate the community in nutrition, hygiene, and personal health care. Since the health worker will be from the community itself, the worker will enjoy the confidence and acceptance of the community. The central, general, and district hospitals would serve more as referral hospitals.

205. In housing, the general strategy must first address the problem of low-income Africans living on TTL. Housing development should not be solely confined to urban areas but should include a program for coordinating rural development strategies by creating urban centers in the TTLs. This will serve to introduce urban services and infrastructure into these regions and to introduce other alternatives to potential migrants to the cities.

206. In water and sanitation, the emphasis should be on community participation in designing and implementing schemes of water supply and of improving sanitation. Use of safe water and better sanitation often require extra efforts and change of habits, which can come only through community education and awareness. Also, development of low-cost technology for these services in rural areas is essential, because the system of piped water supply and waterborne sanitation developed in urban areas cannot be replicated in low-density rural areas. A promising start has already been made--Blair Research Institute in Salisbury has been experimenting with low-cost designs of deep tubewells and pit latrines.

Major Issues

The Level of Expenditure

207. Two questions are relevent in deciding what is a desirable level of public expenditures for basic needs. First, how does the level of current expenditures in basic needs sectors compare with other countries of the same per capita income level? Second, is the problem simply a disparity in coverage of services or are more expenditures on basic needs required?

208. As for the first question relating to health, the per capita public expenditure on health in Zimbabwe is US$8.0, which is on the low side compared to countries with similar levels of income. If we determine a norm of the relationship between per capita income and health expenditure size on an *intercountry basis, Zimbabwe will be below the norm.*

209. In regard to the second question, reducing disparities without increasing expenditures will not work. Instead, subsidized health services should be extended to the low-income African population in order to reduce the existing disparity. This implies a substantial increase in health expenditures, some of which has occurred already as fees for health services for people earning below Z$150 per month were abolished from September 1, 1980.

210. In education, the level of expenditure is already high but the benefit of services is not equitably distributed. In 1979, recurrent expenditures on education accounted for 13.3 percent of total central government recurrent expenditures (they are estimated to have risen to 16 percent in 1980) and 4.6 percent of GNP. The latter ratio increases to 5.4 percent if private contributions to education are included. This share in GNP appears high for a country with so low an enrollment ratio at the secondary level and indicates higher than average recurrent unit costs. In fact, while the unit cost for primary education (Z$85) is in line with that of countries at similar income levels, the unit costs for secondary education (Z$560), teacher training (Z$1,850) and the university (Z$4,900) are similar to, or exceed those of OECD countries. This suggests that both extension of educational facilities to deficient areas, thus increasing the total education budget, and greater utilization of existing facilities are warranted.

211. As for the housing sector, in Zimbabwe investment in housing has been about 16 percent of the total gross fixed capital formation. Other economies of comparable per capita income level have 20 to 30 percent of gross fixed capital formation in the housing sector. However, public expenditures on low-cost housing in Zimbabwe compare very favorably with other countries. As a result, greater expenditure on low-income housing will not contribute toward reduction of disparity between urban and TTL populations, unless pursued as part of a strategy to reduce income disparities between these groups.

212. Concerning the water sector, there has been more than adequate spending in the urban areas but, compared to other African countries, the expenditure on rural water supply has been low. Adequate investment has taken place to develop waterborne sanitation in the urban areas, which is better than what has been achieved in neighboring African countries. Sanitation in rural areas is almost non-existent. Improvement of sanitation in rural areas will require both a primary health care system involving community participation and greater expenditure on rural water supplies.

Source of Finance

213. The budget burden of the basic needs services has already increased. In health, for example, there has been a 55 percent increase in expenditures in 1979-80 compared to the previous year. 1/ At present, the Government

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1/ The annual increase in one year is caused by the recent change in policy from September 1, 1980, to make all health services free for those earning Z$150 per month or less, and to take over the running of mission health facilities.

subsidizes nearly 90 percent of the health care but the present pricing of health services is such that there are subsidies to richer patients (especially those who use the main hospitals) and to the private physicians (who are allowed to use the government hospital facilities at highly subsidized rates). If increased revenue is to be generated and inequities reduced, a system of full-cost recovery from those who do not need subsidy must be developed.

214. In education, the rise in expenditure is also dramatic. While over the period 1974-79, central government recurrent expenditures on education grew by less than 5 percent per annum in real terms, as compared with a growth of about 10 percent per annum for total central government recurrent expenditures, in 1980 they increased twice as fast as total recurrent expenditures--over 30 percent in real terms, assuming a 10 percent rate of inflation--and reached almost Z$170 million. This dramatic rise is mainly due to the increase in salaries and grants to private education representing 84 percent and eight percent of the MOEC budget, respectively: the salaries of African and non-African teachers were unified, reaching a high average of Z$7,000 per annum; primary enrollment exploded and primary education became free. Revenues principally from fees fell from seven percent to five percent of recurrent expenditures. The issue in the education sector is the same as in the health sector. If high-cost education benefitting a limited section of the population is to be maintained, a full-cost recovery system has to be introduced for these schools. Should this be done high-cost private schools charging full tuition would coexist with free public schools, which provide basic education.

215. In housing, the African middle-income group often benefits from the houses built by the Government or private or parastatal industry. The poorest Africans tend to remain renters and essentially pay proportionately more of their income for housing. This could be reversed if demand pricing for standard housing units is introduced. This would generate profits which could be used to subsidize low-cost housing units thus reversing the incidence of such subsidies.

216. In the water sector, there has been some subsidy in not charging for the depreciation of the water supply system. Full-cost pricing of the urban water supply appears reasonable. For rural water supply, community participation in design and implementation is highly desirable.

Organization and Personnel

217. There will be an organizational problem even if more resources are available to extend services to TTL areas. The civil service employees and the health professionals have limited experience in the rural areas and they are hesitant to proceed to that unfamiliar area. For example, in the health sector, about 90 percent of the expenditures have been on curative facilities, with a clear urban bias. A change from that emphasis to a primary health care system, using a large number of village health workers and emphasizing prevention, calls for a change in orientation among the civil service and the professionals. Should such a reorientation occur, there still remains the difficulty of how to extend the government health structure to rural areas and how to obtain the requisite number of personnel to do so.

218. In education, there is inadequate coordination between the private and public agencies involved in education and training and there has been, so far, no operationally quantified assessment of the reorganization which is now occurring. Curricular reform aimed at providing equality of access to education, and reorienting education towards productive employment and decentralizing education management is needed. The MOEC is not adequately structured and staffed and appears to be having difficulty in adjusting to the management of massive enrollments. The main challenge is how to cater in the immediate future for the poorest segments of a population which is growing at an unusually high rate (3.6 percent). This cannot be achieved by the present formal educational system. Non-formal education is still insufficiently developed. The enrollment of 400,000 new primary students in 1980, has resulted in overcrowded schools and in a dramatic rise in the proportion of untrained and inadequately qualified teachers, representing now over 70 percent of the teaching staff.

Standards Versus Coverage of Services

219. As already noted, Zimbabwe presents a dichotomous picture of social services. At one extreme, a small minority (e.g., European and Asian population) has access to high-quality services; at the other, the TTL population has almost no access to modern services. Other African populations either living in the urban centers, working on the European farms, or farming in the African Purchase Lands have various degrees of access to services. For the future, basic needs services will have to be extended to those areas where access is now limited. The issue is whether this needed extension will entail a sacrifice in quality.

220. Two crucial elements in answering this question are the extent of additional resource allocation for basic needs and the amount by which present subsidies to better off recipients are reduced. Each of these can be favorably influenced if user charges for basic needs for the better off are established so as to reflect demand conditions as well as cost of the provision. In general, if demand pricing is used it would yield charges above those currently levied, and in some cases (e.g., middle- and upper-level housing) charges would build up reserves which could be used to subsidize lower-income recipients. Even assuming user charges more closely reflect demand conditions, the tradeoff would still occur for housing. Here provision of sites and services is cheapest. Above that, four different qualities of low-cost houses, ranging in cost from Z$1,032 to Z$3,617, can be built. Obviously there is a tradeoff between the total number of units and the types to be built. In education, health and water provision the tradeoff issue is not so clear cut. In health the most crucial element is to add a primary health care system to the existing, mainly curative system. In education, the primary issue is the bottleneck at the secondary level which needs expansion, but clearly not at the expense of cut backs in primary and technical education. For each of these subsectors, therefore, the issue is to expand resource commitments for supplemental services. The tradeoff becomes more significant again when provision of water is considered. It is most obvious in the situation where one must choose between provision of water in the urban or the rural areas. Although there the conflict can be lessened to some extent if urban water systems become self-financing.

APPENDIX I

COMMISSION OF INQUIRY ON INCOMES,
PRICES AND CONDITIONS OF SERVICE

(As Recommended by the Prime Minister's and Cabinet Office)

1. Having regard to the need for an equitable system of employment, conditions of service and remuneration consistent with a free egalitarian society, to enquire into and make recommendations in relation to the conditions of employment and service and the remuneration and other benefits for all categories of workers in Zimbabwe with particular reference to:

(a) the pay, working and living conditions of the country's labor force, especially those of the lowest paid, and the introduction of systems of rewards for productivity, skills and continuity of service;

(b) the wide gap in wealth and income distribution characteristic of the present economic structure and the way in which wage and income differentials might be narrowed;

(c) the economic, social and legal implications of increasing worker participation in the economy;

(d) the suitability of the present industrial conciliation machinery established in terms of the Industrial Conciliation Act;

(e) the role of the trade unions in the collective bargaining and industrial conciliation processes;

(f) the price structure of basic foodstuffs, rents and public transport changes and ways in which the poor in particular can be protected from the effects of changes in such prices;

(g) the determination of a yardstick upon which to assess claims for adjustments to maintain real incomes; and

(h) the possibility of introducing national pension and social security schemes, taking account of Government's plans for expanding social services.

2. From time to time, during the course of its inquiry, submit interim reports to Government.

A SIMPLE FINANCIAL PROGRAMMING FRAMEWORK FOR ZIMBABWE 1/

1. Table 1 of this appendix presents the format for the simple financial framework. Many of the "cells" in the table contain references by table number and row heading to the projections on pages 32 to 36 in the main report. These references indicate where the numbers for many of the cells are to be obtained. The format of the table is based on an assumption of equilibrium amongst the sectors for each row. For example, the "goods" row deals with the postulated equilibrium between aggregate demand and aggregate supply. Injections into the income stream (I, G, and X) equal withdrawals from the income stream (S, T, and M). The balances for the two domestic sectors (the private and government sectors) will be just offset by developments in the foreign sector such that:

$$(S - I) + (T - G) = (X - M)$$

The remaining four rows are the financial counterparts to the goods sectors. Each row assumes, for the sectors taken as a whole, that changes in assets equal changes in liabilities. More significantly, the rows show how the changes in assets and liabilities are held between the four sectors.

2. Tables 2-5 present figures for each year of the 1980-83 period. Many of the figures for a particular year in tables 2-5 can be found in the projection tables in the text by reference to table 1 in this appendix. Thus, for example, for the 1980 year (table 2) the figure for T - G of -Z$480 million is obtained from the text table 18, the row labelled "deficit", for 1980.

3. The remaining figures, those that are left blank on table 1 are calculated as follows: 2/

i. S - I (Goods, Private Sector) =.(X - M) - (T - G);

ii. ΔMd (Money, Private Sector) $= \dfrac{GDP_2}{V_2} - M_{s_1}$

when: GDP = current value GDP period 2
v_2 = velocity of money period 2
M_{s_1}

ii.a. If V = constant then;

$$Md = \frac{GDP}{V};$$

1/ This framework was suggested to me by Mr. Jukka Paljarvi of the IMF.
2/ The words in parenthesis indicate the row heading and sector referred to.

iii. ΔMs (Money, Bank System) = Δ Md;

iv. ΔDC (Domestic Credit, Bank System) = ΔMs - Δ(FAB-FLB);

v. ΔDC (Domestic Credit, Private Sector) =ΔDC (Bank Sys.) -ΔDC (Govt.)

Table 1: ZIMBABWE - A Simple Financial Programming Framework

(in millions of Z$)

	Private Sector	Government	Banking system	Foreign sector
Goods	S-I	T-G 18, Deficit		X-M 17, Current A/C Balance
Government bonds	ΔB 18, Financing non-Bank	-ΔB 18, Financing non-Bank		
Money	Δ Md		ΔMs = Md	
Foreign assets (net)	Δ(FAP-FLP) 17, Capital A/C (Other)	Δ(FAC-FLG) 17, Capital A/C (Govt.)	Δ(FAB-FLB) 17, Overall Balance	Δ(FL-FA) 17, Current A/C Balance
Domestic credit	Δ DC	ΔDC 18, Financing Bank System	ΔDC	

S-I is private sector savings less investment.

T-G is government revenue less expenditurs.

X-M is the current account balance (savings borrowed from abroad).

ΔB is change in private sector holdings of government securities.

ΔM_d, ΔM_s change in nominal money balances.

Δ (FL-FA) change in net foreign liability position, disaggregated by sector.

ΔDC change in net domestic assets of the banking system.

Table 2: ZIMBABWE - A Simple Financial Programming Framework, 1980

(in millions of Z$)

	Private Sector	Government	Banking system	Foreign sector
Goods	S-I 370	T-G -480		X-M -110
Government bonds	Δ B 155	- Δ B 155		
Money	Δ Md 220		Δ Ms 220	
Foreign assets (net)	Δ (FAP-FLP) 40	Δ (FAG-FLG) -100	Δ (FAB-FLB) -50	Δ (FL-FA) 110
Domestic credit	Δ DC 45	Δ DC 225	Δ DC 270	

S-I is private sector savings less investment.

T-G is government revenue less expenditurs.

X-M is the current account balance (savings borrowed from abroad).

Δ B is change in private sector holdings of government securities.

ΔM_d, ΔM_s change in nominal money balances.

Δ(FL-FA) change in net foreign liability position, disaggregated by sector.

Δ DC change in net domestic assets of the banking system.

Table 3: ZIMBABWE - A Simple Financial Programming Framework, 1981

(in millions of Z$)

	Private Sector	Government	Banking system	Foreign sector
Goods	S-I 415	T-G -600		X-M -185
Government bonds	ΔB 175	+ ΔB 175		
Money	Δ Md 263		ΔMs 263	
Foreign assets (net)	Δ(FAP-FLP) 50	Δ(FAG-FLG) -190	Δ(FAB-FLB) -45	Δ(FL-FA) 185
Domestic credit	ΔDC 73	ΔDC 235	ΔDC -308	

S-I is private sector savings less investment.

T-G is government revenue less expenditurs.

X-M is the current account balance (savings borrowed from abroad).

ΔB is change in private sector holdings of government securities.

ΔM_d, ΔM_s change in nominal money balances.

Δ(FL-FA) change in net foreign liability position, disaggregated by sector.

ΔDC change in net domestic assets of the banking system.

Table 4: ZIMBABWE - A Simple Financial Programming Framework, 1982

(in millions of Z$)

	Private Sector	Government	Banking system	Foreign sector
Goods	S-I 431	T-G -625		X-M -194
Government bonds	ΔB 200	-ΔB 200		
Money	Δ Md 283		ΔMs 283	
Foreign assets (net)	Δ(FAP-FLP) 50	Δ(FAG-FLG) -200	Δ(FAB-FLB) -44	Δ(FL-FA) 194
Domestic credit	ΔDC 102	ΔDC 225	ΔDC 327	

S-I is private sector savings less investment.

T-G is government revenue less expenditurs.

X-M is the current account balance (savings borrowed from abroad).

ΔB is change in private sector holdings of government securities.

ΔM_d, ΔM_s change in nominal money balances.

Δ(FL-FA) change in net foreign liability position, disaggregated by sector.

ΔDC change in net domestic assets of the banking system.

Table 5: ZIMBABWE - A Simple Financial Programming Framework, 1983

(in millions of Z$)

	Private Sector	Government	Banking system	Foreign sector
Goods	S-I 425	T-G -645		X-M 220
Government bonds	ΔB 200	-ΔB 200		
Money	ΔMd 304		ΔMs 304	
Foreign assets (net)	Δ(FAP-FLP) 50	Δ(FAG-FLG) 220	Δ(FAB-FLB) -50	Δ(FL-FA) 220
Domestic credit	ΔDC 129	ΔDC 225	ΔDC 354	

S-I is private sector savings less investment.

T-G is government revenue less expenditurs.

X-M is the current account balance (savings borrowed from abroad).

ΔB is change in private sector holdings of government securities.

ΔM_d, ΔM_s change in nominal money balances.

Δ(FL-FA) change in net foreign liability position, disaggregated by sector.

ΔDC change in net domestic assets of the banking system.

THE STATISTICAL ANNEX

Table 1.01: ZIMBABWE - URBAN AND RURAL POPULATION BY BROAD ETHNIC GROUPS
MID YEAR 1969, 1975, 1978 AND 1979 YEAR END

('000)

	1969 CENSUS				1975 CENSUS				1978 CENSUS				1979 Year End	Average Growth Rate 1969-79
	Africans	Europeans	Others	Total	Africans	Europeans	Others	Total	Africans	Europeans	Others	Total		
Main Towns	280.0	96.8	9.2	386.0	420.0	125.8	11.4	557.0	480.0	117.0	12.8	610.0	627.0	4.5%
Salisbury	187.0	49.7	8.1	244.8	270.0	59.4	10.3	340.0	290.0	56.8	11.6	358.4	363.0	3.3%
Bulawayo	37.0	8.3	0.9	46.2	51.0	9.4	1.2	62.0	59.0	8.6	1.4	69.0	70.0	3.8%
Gwelo	36.0	8.4	0.9	45.3	50.0	9.7	1.2	61.0	52.0	9.1	1.3	62.0	63.0	3.1%
Umtali	29.0	3.2	0.5	32.7	41.0	4.1	0.6	46.0	49.0	4.0	0.6	54.0	51.0	4.1%
Que Que	22.0	2.3	0.3	24.6	30.0	2.7	0.5	33.0	30.0	2.4	0.5	33.0	33.0	2.7%
Gatoona	18.0	2.2	-	20.2	24.0	2.8	0.1	27.0	29.0	2.7	0.1	32.0	33.0	4.5%
Wankie	12.0	1.6	0.2	13.8	16.0	2.0	0.2	18.0	23.0	1.8	0.4	25.0	27.0	6.3%
Sinoia	8.0	2.5	0.4	10.9	16.0	2.9	0.5	19.0	19.0	2.6	0.5	22.0	24.0	7.5%
Fort Victoria	47.0	6.8	0.2	54.0	65.0	8.2	-	73.0	83.0	8.0	0.1	91.0	94.0	5.7%
Others	676.0	181.8	20.7	878.5	983.0	227.0	26.0	1236.0	1114.0	213.0	29.3	1356.0	1385.0	4.2%
Total Urban	4204.0	48.2	3.6	4255.0	5017.0	50.0	4.4	5071.0	5526.0	47.0	4.8	5578.0	5855.0	2.9%
Total Non-Urban	4880.0	230.0	24.3	5134.0	6000.0	277.0	30.4	6307.0	6640.0	260.0	34.1	6934.0	7240.0	3.2%
Grand Total														
Urban Total as percentage of National Total	13.9	79.6	87.4	17.3	16.4	81.9	85.5	19.6	16.8	82.0	86.2	19.6	19.1	-

Source: Supplement to the Monthly Digest of Statistics, July 1980, October 1978, December 1975.

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Table 1.02: ZIMBABWE - IMPORTANT POPULATION STATISTICS, 1967, 1972, AND 1977

	Africans			Europeans			Asians c/	Coloureds b/		
	1967	1972	1977	1967	1972	1977	1973-77	1967	1972	1977
Birth Rate (per 1000)	52 a/	n.a.	n.a.	19	18	13	20	n.a.	n.a.	n.a.
Death Rate (per 1000)	16 a/	n.a.	n.a.	7.0	7.8	8.2	6	n.a.	n.a.	n.a.
Natural Increase	n.a.	n.a.	n.a.	1.2	1.0	0.5	14	n.a.	n.a.	n.a.
Infant Mortality Rate (per 1,000 births)	n.a.	n.a.	n.a.	19	21	17	33	n.a.	n.a.	n.a.

a/ Because of gross omissions, registration particulars do not provide details of the vital rates of the African population, however, estimates are available from the 1962 and 1969 census and earlier demographic inquiries. These indicate that the rate of natural increase rose from 2.8 percent in 1948 to 3.6 percent in 1969. From the 1969 census it is estimated that the birth and death rates were then 52 and 16 per thousand persons.

b/ Insufficient data preclude the calculation of a meaningful birth rate for coloureds. However, the inter-censal average annual growth rate was 5.1 percent per annum for 1956-61 and 4.9 percent per annum for 1961-69.

c/ Comparable annual rates are not given for Asians since for such a small population these would be subject to wide fortuitous fluctuations. The average annual rates for Asians for 1973-77 are as follows:

Births	:	20 per 1,000 population
Infant Mortality	:	33 per 1,000 births
Deaths	:	6 per 1,000 population
Natural Increase	:	14 per 1,000 population

Sources: Supplement to the Monthly Digest of Statistics, October 1978, Central Statistical Office, Salisbury, p. 2.

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Table 1.03: ZIMBABWE - EMPLOYMENT OF AFRICANS AND NON-AFRICANS BY ECONOMIC ACTIVITY, 1965 AND 1970-78

('000)

	1965	1970	1971	1972	1973	1974	1975	1976	1977	1978
Agriculture and Forestry										
Africans	289.0	292.2	305.3	336.4	350.6	359.8	357.8	350.2	342.3	335.9
Non-Africans	4.36	5.6	5.6	5.8	5.9	5.7	6.0	5.9	5.7	5.5
Mining and Quarrying										
Africans	43.6	53.4	54.1	54.5	54.3	58.2	58.6	59.6	57.4	54.3
Non-Africans	2.95	3.8	3.7	3.7	3.6	3.7	3.9	4.1	4.1	3.8
Manufacturing										
Africans	68.8	98.7	104.3	111.7	119.9	131.1	135.3	133.8	126.9	119.8
Non-Africans	15.1	17.2	18.6	20.3	21.0	21.9	22.5	21.7	20.8	19.6
Electricity and Water										
Africans	3.7	4.1	4.1	4.3	4.7	5.0	5.0	4.8	4.7	4.6
Non-Africans	1.22	1.5	1.7	1.8	1.9	1.9	1.9	1.9	1.9	1.9
Construction										
Africans	29.4	36.9	40.9	43.6	50.6	57.8	54.6	46.2	41.4	36.6
Non-Africans	5.7	5.3	5.9	5.8	6.1	6.4	6.0	5.3	4.8	4.2
Finance, Insurance and Real Estate										
Africans	2.3	2.6	2.5	2.7	2.9	3.1	3.4	3.6	4.0	4.5
Non-Africans	5.7	6.4	6.9	7.7	8.2	8.5	8.7	8.5	8.1	7.6
Distribution, Hotels & Restaurants										
Africans	41.3	45.0	46.3	50.5	54.1	53.9	55.2	53.8	52.4	51.9
Non-Africans	19.9	19.4	19.9	20.1	21.1	20.7	20.4	19.2	18.1	17.2
Transport and Communications										
Africans	15.8	22.9	25.3	27.0	28.2	29.6	30.8	31.1	31.3	30.4
Non-Africans	9.7	13.6	13.8	14.0	14.1	14.2	14.6	14.7	14.3	13.6
Public Administration										
Africans	20.1	27.5	27.3	27.4	29.0	30.7	35.1	37.6	43.3	50.5
Non-Africans	9.6	11.5	12.3	12.7	12.4	12.7	13.8	16.2	17.3	17.9
Education										
Africans	23.5	24.4	24.4	24.9	26.0	27.5	28.7	29.6	29.5	28.0
Non-Africans	5.6	6.6	6.6	7.0	7.3	7.2	7.3	7.3	7.1	6.9
Health										
Africans	6.4	7.5	7.9	8.2	8.6	8.8	9.1	9.3	10.2	10.3
Non-Africans	2.8	3.2	3.5	3.9	3.9	4.2	4.4	4.2	4.3	4.5
Private Domestic Service										
Africans	94.7	109.3	114.0	119.4	122.6	124.4	126.3	126.1	123.0	119.5
Non-Africans	0.3	-	-	-	-	-	-	-	-	-
Other Services										
Africans	17.0	25.1	26.6	29.5	30.4	33.3	33.7	33.4	34.1	31.1
Non-Africans	6.86	9.7	10.0	10.3	10.9	11.2	11.2	10.7	10.5	10.0
Total Employment										
Africans	656.0	750.0	783.0	840.0	882.0	923.0	934.0	919.0	901.0	877.2
Non-Africans	89.80	104.0	109.0	113.0	116.0	118.0	121.0	120.0	117.0	112.6

Source: Economic Survey of Rhodesia, 1973 and 1977
Central Statistical Office, Salisbury.

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Table 1.04: ZIMBABWE - AFRICAN AND NON-AFRICAN AVERAGE CASH EARNINGS BY ECONOMIC ACTIVITY, 1965 AND 1970-78

(Z$ per annum)

	1965	1970	1971	1972	1973	1974	1975	1976	1977	1978
Agriculture and Forestry										
Africans	123	127	132	134	144	159	180	209	232	249
Non-Africans	2,729	2,875	2,889	3,017	3,424	4,088	4,817	5,085	5,737	6,600
Mining and Quarrying										
Africans	298	345	353	360	387	436	507	574	659	721
Non-Africans	3,438	4,421	4,811	4,865	5,278	6,081	6,949	7,585	8,488	8,763
Manufacturing										
Africans	416	482	483	531	569	633	724	811	918	1,039
Non-Africans	2,874	3,570	3,812	4,123	4,471	5,119	5,818	6,406	6,678	7,281
Electricity and Water										
Africans	378	439	488	512	532	600	680	792	894	1,130
Non-Africans	3,361	3,800	4,294	4,556	4,842	5,474	6,421	6,947	7,579	8,158
Construction										
Africans	361	404	472	507	482	548	656	684	739	817
Non-Africans	2,787	3,132	3,644	4,155	4,164	4,859	5,533	5,943	6,438	6,667
Finance Insurance & Real Estate										
Africans	524	731	760	778	862	1,000	1,176	1,417	1,725	1,933
Non-Africans	2,584	3,297	3,348	3,701	3,817	4,459	4,931	5,412	6,000	6,408
Distribution, Restaurants & Hotels										
Africans	344	429	473	479	497	549	647	717	809	932
Non-Africans	2,161	2,639	2,940	3,184	3,322	3,657	4,250	4,635	4,939	5,279
Transport and Communications										
Africans	623	655	735	730	780	865	961	1,074	1,195	1,342
Non-Africans	2,930	3,684	3,812	4,179	4,525	4,923	5,404	6,007	6,343	6,831
Public Administration										
Africans	344	451	520	609	676	765	852	997	1,099	1,240
Non-Africans	2,684	3,426	3,618	3,866	4,669	5,339	5,739	6,364	7,665	8,531
Education										
Africans	468	656	758	767	823	913	1,092	1,169	1,271	1,600
Non-Africans	2,258	2,712	3,121	3,357	3,616	4,097	4,740	5,164	5,437	5,957
Health										
Africans	438	573	620	671	698	784	934	1,075	1,186	1,447
Non-Africans	1,904	2,406	2,686	2,718	2,974	3,214	3,614	4,119	4,279	4,467
Private Domestic Service										
Africans	224	276	289	295	302	321	356	392	404	449
Non-Africans	960	-	-	-	-	-	-	-	-	-
Other Services										
Africans	318	426	421	434	470	511	579	662	745	830
Non-Africans	2,289	2,619	2,710	2,883	3,339	3,589	4,080	4,495	4,781	5,190
All Activities										
Africans	246	306	326	338	359	402	464	524	588	663
Non-Africans	2,575	3,164	3,386	3,676	4,081	4,525	5,093	5,618	6,156	6,696

Source: 1970-1977 figures from Economic Survey of Rhodesia, 1977, Ministry of Finance, July 1978, Salisbury, pp. 21-22. 1965 figures from Economic Survey of Rhodesia, 1973, Ministry of Finance, April 1973, Salisbury, pp. 22-23. 1978 figures from revised Table of Earnings in Supplement to the Monthly Digest of Statistics, October 1978, Central Statistical Office, Salisbury, p. 4.

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Table 1.05: ZIMBABWE - REAL WAGES OF AFRICAN WORKERS, 1965 AND 1970-78 /a

(Z$ per annum in 1964 prices)

	1965	1970	1971	1972	1973	1974	1975	1976	1977	1978
Agriculture & Forestry	120	113	114	112	117	121	125	130	129	126
Mining and Quarrying	291	307	305	302	315	333	352	357	366	365
Manufacturing	406	429	417	446	463	484	503	505	510	526
Electrifying and Water	369	350	421	430	433	458	472	493	497	572
Construction	352	359	408	426	392	419	456	426	411	414
Finance, Insurance & Real Estate	511	630	656	653	702	764	817	882	959	979
Distribution, Restaurants & Hotels	336	382	408	402	405	419	449	446	450	472
Transport and Communications	608	583	635	613	635	661	667	669	665	680
Public Administration	336	401	449	511	550	584	592	621	611	628
Education	456	584	654	644	670	697	724	728	707	810
Health	427	510	535	563	568	599	649	669	660	733
Private Domestic Service	218	246	250	248	246	245	247	244	236	227
Other Services	310	379	364	364	383	390	402	412	414	420
All Services	240	272	282	284	292	307	322	326	327	336

a/ Deflated by Index numbers of consumer prices: low income group.

Source: Table 1.04, Average Earnings, and Monthly Digest of Statistics, July 1980, Central Statistical Office, Salisbury, p.5

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Table 1.06: ZIMBABWE - REA AGES OF NON-AFRICAN WORKERS, 1965 AND 1970-78 /a

(Z$ per annum in 1964 prices)

	1965	1970	1971	1972	1973	1974	1975	1976	1977	1978
Agriculture & Forestry	2,683	2,487	2,384	2,427	2,658	2,952	3,228	3,127	3,219	3,474
Mining and Quarrying	3,380	3,824	4,039	3,914	4,098	4,391	4,657	4,665	4,763	4,612
Manufacturing	2,826	3,088	3,201	3,317	3,471	3,696	3,899	3,940	3,747	3,832
Electrifying and Water	3,305	3,287	3,605	3,665	3,759	3,952	4,304	4,272	4,253	4,294
Construction	2,740	2,709	3,060	3,343	3,233	3,508	3,708	3,655	3,613	3,509
Finance, Insurance & Real Estate	2,541	2,852	2,811	2,977	2,964	3,219	3,305	3,328	3,367	3,373
Distribution, Restaurants & Hotels	2,125	2,283	2,468	2,562	2,579	2,640	2,849	2,851	2,772	2,778
Transport and Communications	2,881	3,187	3,201	3,362	3,513	3,554	3,622	3,694	3,559	3,595
Public Administration	2,639	2,964	3,038	3,110	4,669	3,855	3,846	3,914	4,301	4,490
Education	2,220	2,346	2,620	2,701	2,807	2,958	3,177	3,176	3,051	3,135
Health	1,872	2,081	2,255	2,187	2,309	2,320	2,422	2,533	2,401	2,351
Private Domestic Service	944	-	-	-	-	-	-	-	-	-
Other Services	2,251	2,266	2,275	2,319	2,592	2,591	2,734	2,764	2,683	2,732
All Activities	2,532	2,737	2,843	2,957	3,112	3,267	3,414	3,455	3,454	3,524

a/ Deflated by index numbers of consumer prices: High income group.

Source: Table 1.04, Average Earnings, and Monthly Digest of Statistics, July 1980, Central Statistics Office, Salisbury, p.4

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Table 1.07: ZIMBABWE - REAL VALUE ADDED PER WORKER BY ECONOMIC ACTIVITY, 1965 AND 1970-78

(In constant 1965 Z$)

	1965	1970	1971	1972	1973	1974	1975	1976	1977	1978
Agriculture and Forestry	417.5	468.4	569.3	579.8	486.6	626.5	591.8	598.1	530.2	453.4
Mining and Quarrying	1036.5	1132.9	1102.1	1092.8	1388.3	1580.0	1344.0	1423.9	1302.4	1363.2
Manufacturing	1605.5	1645.4	1799.8	1900.0	1936.1	2013.1	1896.7	1855.3	1709.5	2008.5
Electricity and Water	4449.0	5214.3	5310.3	5278.7	4969.7	4449.3	4826.1	5089.6	4681.8	4846.2
Construction	908.8	1189.6	1096.2	1269.2	1142.9	933.0	1034.7	1040.8	1004.3	845.5
Finance, Insurance and Real Estate	1300.0	3755.6	3861.7	4317.3	4252.3	4594.8	4735.5	4628.1	4661.2	4570
Distribution, Hotels & Restaurants	1707.5	2153.7	2285.5	2304.5	2106.3	2896.6	2275.1	2184.9	1896.5	2175.1
Transport and Communications	2360.8	2200.0	2331.9	2356.1	2307.3	2524.1	2334.8	2286.0	2280.3	2204.5
Public Administration	1326.6	1474.4	1585.9	1668.3	1797.1	1834.1	1773.0	1843.9	1836.1	1788.0
Education	824.7	1029.0	1141.9	1141.1	1153.2	1155.6	1202.8	1203.3	1147.5	1252.1
Health	1250.0	1794.4	1938.6	1892.6	1792.0	1853.8	1874.1	1940.7	1869.0	1851.4
Private Domestic Service	23.5	250.7	256.1	248.7	241.4	234.7	237.5	236.3	233.3	229.3
Other Services	1410.0	1416.7	1377.0	1384.4	1375.3	1393.3	1454.3	1449.0	1399.1	1481.8
All Activities	915.7	1080.2	1158.4	1186.1	1158.3	1255.1	1208.8	1210.9	1128.9	1161.0

Source: Annex tables 1.03 and 1.04

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Table 2.01: ZIMBABWE - GROSS DOMESTIC PRODUCT (FACTOR COST) BY INDUSTRY OF ORIGIN IN CURRENT PRICES, 1965 AND 1970-79

(Z$ million)

	1965	1970	1971	1972	1973	1974	1975	1976	1977	1978	1979
Agriculture and Forestry	122.5	153	200	234	215	316	323	350	335	353	305
Mining and Quarrying	48.3	71	72	75	101	134	126	149	145	145	193
Manufacturing	134.7	209	250	296	341	422	454	478	452	481	609
Electricity and Water	21.8	32	34	38	41	42	50	56	56	55	68
Construction	31.9	55	58	74	81	82	94	84	85	74	82
Finance and Insurance	10.4	36	40	53	59	72	86	92	101	109	119
Real Estate	16.9	32	35	39	43	46	44	47	47	45	44
Distribution, Hotels & Restaurants	104.5	152	171	192	198	258	258	262	242	295	290
Transport and Communication	60.2	88	103	114	122	139	159	172	185	189	210
Public Administration and Defense	39.4	63	71	79	93	109	130	163	204	240	270
Education Services	24.0	34	40	43	48	55	65	73	76	86	96
Health Services	11.5	21	25	27	28	33	38	43	49	54	61
Private Domestic Services	23.1	30	33	35	37	40	45	49	52	54	55
Other Services, N.E.S.	33.7	52	57	64	71	85	98	105	113	120	134
Less: Inputed Banking Service Charges		-21	-23	-30	-32	-42	-52	-56	-65	-69	-79
TOTAL	682.9	1007	1166	1333	1446	1789	1917	2067	2078	2231	2457

Source: National Accounts of Zimbabwe, Rhodesia, 1978.
Rhodesia, National Accounts and Balance of Payments, 1974.
Supplement to the Monthly Digest of Statistics, April 1980.

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Table 2.02: ZIMBABWE - REAL GROSS DOMESTIC PRODUCT (FACTOR COST) BY INDUSTRY OF ORIGIN, 1965 AND 1970-79

(In millions of 1965 Z$)

	1965	1970	1971	1972	1973	1974	1975	1976	1977	1978	1979
Agriculture and Forestry	122.5	139.5	177.0	198.3	172.0	229.9	215.3	213.0	184.5	154.8	137.8
Mining and Quarrying	48.3	64.8	63.7	63.6	80.8	97.8	84.0	90.7	80.1	79.2	87.2
Manufacturing	134.7	190.7	221.2	250.8	272.8	308.0	299.3	288.5	252.5	259.9	275.2
Electricity and Water	21.8	29.2	30.8	32.2	32.8	30.7	33.3	34.1	30.9	31.5	30.7
Construction	31.9	50.2	51.3	62.7	64.8	59.9	62.7	53.6	46.4	34.5	37.1
Finance and Insurance	10.4	33.8	36.3	44.9	47.2	53.3	57.3	56.0	56.4	55.3	53.8
Real Estate	16.9	29.2	31.0	33.0	34.4	33.6	29.3	28.6	26.0	22.8	20.0
Distribution, Hotels & Restaurants	104.5	138.7	151.3	162.7	158.4	188.3	172.0	159.5	133.7	150.3	131.0
Transport and Communication	60.2	80.3	91.2	96.6	97.6	100.7	106.0	104.7	101.7	97.0	95.0
Public Administration and Defense	39.4	57.5	62.8	66.9	74.4	79.6	86.7	99.2	112.7	122.3	122.0
Education Services	24.0	31.9	35.4	36.4	38.4	40.1	43.3	44.4	42.0	43.7	43.4
Health Services	11.5	19.2	22.1	22.9	22.4	24.1	25.3	26.2	27.1	27.4	27.6
Private Domestic Services	23.1	27.4	29.2	29.7	29.6	29.2	30.0	29.8	28.7	27.4	24.9
Other Services, N.E.S.	33.7	49.3	50.4	55.1	56.8	62.0	65.3	63.9	62.4	60.9	60.6
Less: Inputed Banking Service Charges		-19.2	-20.4	-25.4	-26.4	-30.7	-34.7	-34.1	-35.91	-35.0	-35.7
TOTAL	682.9	922.5	1033.3	1130.4	1156.0	1306.6	1275.3	1258.1	1149.2	1132.0	1111.2
Deflator		1.096	1.13	1.18	1.25	1.37	1.50	1.643	1.81	1.97	2.213

Source: Annex table 2.01

December 1980

Table 2.03: ZIMBABWE - NATIONAL INCOME AND EXPENDITURE ON GROSS NATIONAL PRODUCT AT CURRENT PRICES, 1965 AND 1970-79

(In millions of current Z$)

	1965	1970	1971	1972	1973	1974	1975	1976	1977	1978	1979
National Income											
Wages & Salaries	408.1	557	625	696	779	902	1046	1146	1244	1321	1487
Rent:											
Imputed for owner-occupied dwellings	9.2	15	17	19	21	22	22	23	24	22	21
Central & Local Government	7.0	10	11	12	14	15	17	19	21	21	23
TOTAL	16.2	25	28	31	35	37	39	42	44	43	44
Gross Operating Profit:											
Un-incorporated Enterprises	82.1	137	166	188	159	237	225	244	238	246	228
Companies	156.0	241	285	344	419	532	532	543	482	505	606
Financial Institutions	-4.4	15	17	24	27	34	42	44	49	55	58
Public Corporations	24.1	32	51	60	41	70	67	87	67	108	87
Central & Local Government Enterprises	15.3	22	18	19	21	19	19	18	21	22	25
Less: Imputed Banking Service Charges		-21	-23	-30	-33	-42	-52	-56	-65	-69	-77
TOTAL	273.1	426	514	606	633	849	833	878	792	867	926
Gross Domestic Income(Factor Cost)	684.8	1007	1166	1333	1446	1789	1917	2067	2078	2231	2457
Plus: Indirect Taxes	55.2	87	98	107	118	129	137	170	224	239	262
Less: Subsidies	-1.2	-19	-22	-24	-15	-59	-41	-68	-89	-133	-92
Gross Domestic Income (Market Prices)	738.7	1075	1243	1416	1549	1859	2014	2169	2213	2337	2627
Less: Net Investment Income Paid Abroad	-26.1	-21	-30	-35	-39	-40	-41	-52	-45	-35	-44
Gross National Income (Market Prices)	712.7	1054	1213	1381	1510	1819	1973	2118	2168	2302	2583
Expenditure on Gross National Product											
Private Consumption	470.2	692	803	888	944	1118	1206	1294	1339	1406	
Net Current Expenditure by Private non-profit making bodies	13.2	23	23	25	27	28	29	29	32	34	
Net Government Current Expenditure	84.7	126	143	157	180	214	256	326	387	454	
Gross Fixed Capital Formation	98.2	175	222	256	331	422	467	403	368	330	
Increase in Stocks	15.8	47	56	40	51	128	117	74	115	73	
Statistical Discrepancy		1	18	9	-15	-29	-8	-32	-64	-23	
Gross Domestic Expenditure (Market Prices)	682.1	1064	1265	1375	1518	1881	2067	2094	2177	2274	2654
Net Exports of Goods & Services	56.6	11	-22	40	30	-22	-53	75	36	63	-27
Gross Domestic Product (Market Prices)	738.7	1075	1243	1416	1549	1859	2014	2169	2213	2337	2627
Less: Net Investment Income Paid Abroad	-26.1	-21	-30	-35	-39	-40	-41	-52	-45	-35	-44
Gross National Product (Market Prices)	712.7	1054	1213	1381	1510	1819	1973	2118	2168	2302	2583

Source: National Accounts of Zimbabwe, Rhodesia, 1980.
Rhodesia, National Accounts and Balance of Payments, 1974.
Supplement to the Monthly Digest of Statistics, April 1980.

November 1980

Table 2.04: ZIMBABWE - NATIONAL INCOME AND EXPENDITURE ON GROSS NATIONAL PRODUCT AT CONSTANT PRICES, 1965 AND 1970-79

(In millions of 1965 Z$)

	1965	1970	1971	1972	1973	1974	1975	1976	1977	1978	1979
NATIONAL INCOME											
Wages and Salaries	408.1	508.2	553.1	590.0	624.2	658.4	697.3	756.7	687.3	670.6	671.9
Rent:											
Imputed for Owner-occupied Dwellings	9.2	13.7	15.0	16.1	16.8	16.1	14.7	14.6	13.3	11.2	9.5
Central & local government	7.0	9.1	9.7	10.2	11.2	10.9	11.3	12.1	11.0	10.7	10.4
TOTAL	16.2	22.8	24.7	26.3	28.0	27.0	26.0	26.7	24.3	21.8	19.9
Gross Operating Profit:											
Unincorporated enterprises	82.1	124.9	146.9	159.3	127.4	173.0	150.0	144.8	131.5	124.9	103.0
Companies	156.0	219.7	252.2	291.5	335.7	388.3	354.7	293.2	266.3	256.3	273.8
Financial Institutions	-4.4	13.7	15.0	20.3	21.6	24.8	28.0	29.8	27.1	27.9	26.2
Public Corporations	24.1	29.2	45.1	50.8	32.9	51.1	44.7	40.8	37.0	54.8	39.3
Central & local government enterprises	15.3	20.0	16.0	16.1	16.8	13.9	12.7	12.8	11.6	11.2	11.3
Less: Imputed Banking Service charges		-19.1	-20.4	-25.4	-26.4	-30.7	-34.7	-39.5	-35.9	-35.0	-34.8
TOTAL	273.1	388.3	454.9	513.5	507.2	619.7	555.3	481.8	437.6	440.1	418.4
Gross Domestic Income (factor cost)	684.8	918.0	1031.9	1129.7	1158.7	1305.8	1278.0	1264.0	1148.1	1132.5	1110.3
Plus: Indirect Taxes	55.2	79.3	86.7	90.7	94.6	94.2	91.3	136.3	123.8	121.3	118.4
Less: Subsidies	-1.2	-17.3	-19.5	-20.3	-12.0	-43.1	-27.3	-54.1	-49.2	-67.5	-41.6
Gross Domestic Incomes (market prices)	738.7	979.9	1100.0	1200.0	1241.1	1356.9	1342.0	1319.0	1223.0	1186.0	1187.0
Less: Net Investment Income Paid Abroad	-26.1	-19.1	-28.0	-27.7	-31.0	-29.9	-27.0	-41.0	-25.0	-18.0	-20.0
Gross National Income (market prices)	712.7	961.0	1072.0	1173.0	1210.0	1327.0	1315.0	1288.0	1198.0	1168.0	1167.2
Expenditure on Gross National Product											
Private Consumption	470.2	612.0	693.0	747.0	763.0	842.0	840.0	819.0	762.0	736.0	
Net current expenditure by private non-profit making bodies	13.2	19.0	18.0	18.0	18.0	17.0	15.0	14.0	15.0	15.0	
Net government current expenditure	84.7	110.0	121.0	129.0	141.0	154.0	169.0	196.0	210.0	227.0	
Gross Fixed Capital Formation	98.2	150.0	178.0	194.0	238.0	272.0	267.0	205.0	168.0	133.0	
Increase in Stocks	15.8	26.0	28.0	22.0	7.0	57.0	24.0	4.0	8.0	7.0	
Statistical Discrepancy		12.0	22.0	-1.0	2.0	-32.0	-15.0	-48.0	-57.0	-80.0	
Gross Domestic Expenditure (market prices)	682.1	929.0	1060.0	1111.0	1169.0	1310.0	1300.0	1190.0	1106.0	1038.0	1199.3
Net Exports of Goods & Services	56.6	51.0	38.0	92.0	72.0	47.0	42.0	130.0	117.0	148.0	-12.3
Gross Domestic Product (market prices)	738.7	980.0	1098.0	1203.0	1241.0	1357.0	1342.0	1320.0	1223.0	1186.0	1187.0
Less: Net Investment Income Paid Abroad	-26.1	-19.0	-26.0	-30.0	-31.0	-30.0	-27.0	-32.0	-25.0	-19.0	-20.0
Gross National Product (market prices)	712.7	961.0	1072.0	1173.0	1210.0	1327.0	1315.0	1288.0	1198.0	1168.0	1167.0
Deflator		1.097	1.13	1.177	1.248	1.37	1.5	1.644	1.81	1.97	2.213

Source: Rhodesia National Accounts and Balance of Payments, 1974
National Accounts of Zimbabwe Rhodesia 1980

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Table 2.05: ZIMBABWE - GROSS DOMESTIC PRODUCT AND GROSS DOMESTIC INCOME

(In millions of 1965 Z$)

	1965	1970	1971	1972	1973	1974	1975	1976	1977	1978	1979
Gross Domestic Product in 1965 prices	737	980	1098	1203	1241	1357	1342	1320	1223	1186	1187
Adjustment for the Terms of Trade a/	n.a.	40	56	64	45	72	71	95	98	122	158
Gross Domestic Income in 1965 prices	n.a.	940	1042	1139	1196	1285	1271	1225	1125	1064	1029

a/ Computed from Equation $GDY = GDP - \left(\frac{X}{PIX} - \frac{X}{PIM}\right)$ where PIX = Unit Value Index for exports
PIM = Unit Value Index for imports

Source: National Accounts of Zimbabwe Rhodesia, 1980

November 1980

Table 2.06: ZIMBABWE - INVESTMENT AND SAVINGS ESTIMATES, 1965 AND 1970-78

(in millions of current Z$)

	1965	1970	1971	1972	1973	1974	1975	1976	1977	1978
Gross Domestic Investment	114	224	295	307	369	521	577	445	419	380
Gross National Savings	140	212	239	309	355	441	457	445	394	392
Less Current Accounts	-26	12	56	-2	15	80	120	-	25	-12
Gross Savings	114	224	239	307	369	520	577	445	419	380
					Percent of GNP					
Gross Domestic Investment	16.0	21.3	24.3	20.1	24.4	28.6	29.2	21.0	19.3	16.5
Gross National Savings	19.6	20.1	19.7	20.5	23.5	24.2	23.2	21.0	18.2	17.0

Source: National Accounts of Zimbabwe Rhodesia, 1978

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Table 2.07: ZIMBABWE - CONSTANT PRICE INVESTMENT AND SAVINGS ESTIMATES, 1965 AND 1970-78

(In millions of 1965 Z$)

	1965	1970	1971	1972	1973	1974	1975	1976	1977	1978
Gross Domestic Investment	114	193	237	233	265	336	330	227	191	153
Gross Savings	140	183	192	234	255	284	261	227	180	158
Less Current Accounts	-26	10	45	-1	10	52	69	-	11	-5
Gross Savings	114	193	237	233	265	336	330	227	191	153
				Percent of Constant GNP/a						
Gross Domestic Investment	16.0	21.0	22.1	19.9	21.9	25.3	25.1	17.6	15.9	13.1
Gross National Savings	19.6	20.1	17.9	20.0	21.1	21.4	19.9	17.6	15.0	13.5
Deflator /b		1.16	1.247	1.319	1.39	1.55	1.75	1.96	2.19	2.48

a/ Deflator for GNP determined from the GNP in current prices divided by GNP in constant 1965 prices (see table 2.04).

b/ Deflator determined from the gross fixed capital formation in current prices divided by the gross fixed capital formation in constant 1965 prices.

Source: National Accounts of Zimbabwe Rhodesia, 1978

December 1980

Table 2.08: ZIMBABWE - REAL GROSS FIXED CAPITAL FORMATION BY SECTORS, 1965 AND 1970-78

(In millions of 1978 Z$)

	1965	1970	1971	1972	1973	1974	1975	1976	1977	1978
Commercial Agriculture and Forestry	29.6	21.3	26.3	28.0	28.5	37.3	47.0	42.1	32.8	42.7
Mining and Quarrying	10.8	25.3	27.1	19.9	21.1	35.8	39.9	60.4	68.0	66.0
Manufacturing	13.9	31.1	38.1	41.0	72.2	107.5	116.9	80.0	86.9	39.0
Transport and Communication	4.3	14.6	27.8	34.1	41.0	47.6	56.2	37.2	29.4	19.0
Construction	1.2	2.8	3.1	5.1	5.2	11.4	10.4	8.1	6.8	3.0
Services a/	3.7	9.6	10.4	11.2	16.6	23.2	28.5	29.4	24.9	28.0
Other b/	34.7	66.0	84.1	111.6	139.8	149.8	163.3	137.8	138.0	132.3
Total	98.2	170.7	216.9	250.9	324.4	412.6	462.2	395.0	386.0	330.0
	Sectoral Shares in Gross Fixed Capital Formation (in percentages)									
Commercial Agriculture and Forestry	30.1	12.5	12.1	11.2	8.8	9.1	10.2	10.7	8.5	12.9
Mining and Quarrying	11.0	14.8	12.5	7.9	3.2	8.7	8.6	15.3	17.6	20.0
Manufacturing	14.2	18.2	17.6	16.3	22.3	26.0	25.3	20.3	22.5	11.8
Transport and Communication	4.4	8.6	12.8	13.6	12.6	11.5	12.2	9.4	7.6	5.8
Construction	1.2	1.6	1.4	2.0	1.6	2.8	2.3	2.0	1.8	1.0
Services a/	3.8	5.6	4.8	4.5	5.1	5.6	6.2	7.4	6.3	8.5
Other b/	35.3	38.7	38.8	44.5	43.1	36.3	35.3	34.9	35.8	40.1
Total	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0

a/ Services include Health, Education and Other Services.
b/ Other includes Electricity and Water, Finance, Real Estate, Hotels, Public Administration and General Purpose Investment by Government

Source: Monthly Digest of Statistics, October 1978 and July 1980
National Accounts and Balance of Payments, 1975, p. 81. National Accounts of Zimbabwe, 1980

December 1980

Table 3.01: ZIMBABWE - SUMMARY BALANCE OF PAYMENTS, 1966 AND 1970-79

(Z$ million)

	1966	1970	1971	1972	1973	1974	1975	1976	1977	1978	1979
Trade Balance	37	24	-0.8	63	83	70	44	155	140	188	131
Exports, f.o.b.	216	266	290.8	345	403	526	526	563	554	627	717
Imports, f.o.b.	178	242	291.6	283	320	456	482	408	414	439	586
Services (net)	-34	-34	-53	-55	-94	-121	-134	-127	-136	-145	-173
Freight & Insurance	-14.6	-19	-27	-29	-32	-42	-57	-37	-39	-42	-45
Fares	-3.8	-1	-1	-2.9	-9.5	-16	-17	-20	-23	-23	-18
Other Transportation	21.1	19	20	27	173	20	27	37	36	30	30
Travel	-11.4	-5	-4.1	-3.2	-11.9	-18	-23	-28	-34	-40	-60
Investment Income	-18.2	-19	-27.6	-31.0	-39	-40	-48	-52	-45	-35	-37
Other Services	-6.7	-9	-13.2	-16.0	-19	-25	-23	-26	-32	-34	-43
Transfers (net)	-2	-3	-3	-4.0	-6.8	-18.8	-26	-23	-15	-16	-19
Private	-1.6	-3	-3	-4.0	-6.8	-18.8	-26	-23	-15	-16	-19
Official	-	-	-	-	-	-	-	-	-	-	-
Current Account	3.0	-13	-55	4.3	-17.3	-70	-116	5	-11	27	-61
Capital (net)	-3.6	18	9.4	24.4	36.6	60	84	15	8	78	82
Government	2.0	1	-2.6	-0.8	-1.4	-2	-4	-4	-6	68	118
Public Corporations	-2.6	-3	-2.5	4.0	10.1	-2	-2	3	-2	-4	-6
Private a/	3.0	19	14.5	21.2	28.0	64	90	16	16	14	-30
Overall Balance	4	5	-46	28.7	19.3	-10	-32	20	-3	105	21

a/ Including errors and omissions

Source: Supplement to the Monthly Digest of Statistics, April 1980; Data provided by treasury.

March 1981

Table 3.02: ZIMBABWE - RESERVE POSITION, 1970-79 (ALL BANKS)

(end of period)

	1970	1971	1972	1973	1974	1975	1976	1977	1978	1979
International Reserves (Z$ million)	94.0	71.5	84.8	116.8	75.3	75.4	76.0	70.3	125.1	180.7
Net Foreign Assets (Z$ million)/a	80.2	55.5	70.5	102.2	52.0	49.1	57.4	53.4	110.3	163.6
International Reserves ÷ Import of goods and non-factor services (%)	24.2	14.0	17.9	22.6	8.4	7.4	9.9	9.1	17.7	20.0

a/ Less short-term foreign liability

Source: Reserve Bank of Zimbabwe

December 1980

Table 3.03: ZIMBABWE - DOMESTIC EXPORTS BY SITC SECTIONS AND PRINCIPAL COMMODITIES, 1965 and 1970-79

(Z$ million)

Commodity	1965	1970	1971	1972	1973	1974	1975	1976	1977	1978	1979
Food											
Sugar	8.1	4.9	8.5	16.4	12.6	33.8	43.7	21.7	12.9	10.9	20.6
Maize	0.6	15.5	17.9	25.9	20.3	35.2	48.1	22.0	22.2	25.4	17.0
Tea and Coffee	0.5	2.2	2.5	2.8	3.7	4.8	6.9	10.4	13.9	19.6	17.6
Meat	13.5	18.1	23.1	30.6	42.3	35.1	27.3	33.3	36.6	37.3	37.8
Other	6.7	5.2	6.9	8.1	7.7	8.1	6.4	7.3	10.5	12.6	16.8
Total	29.4	45.9	58.9	83.8	86.6	117.0	132.4	94.7	96.1	105.8	109.8
Tobacco and Beverages											
Tobacco	97.5	25.8	32.7	43.1	61.0	72.4	68.4	82.0	74.5	97.6	81.4
Beverages	2.1	0.5	0.3	0.4	0.3	0.3	0.4	0.3	0.1	0.2	0.1
Total	99.6	26.3	33.0	43.5	61.3	72.7	68.8	82.3	74.6	97.8	81.5
Crude Materials											
Asbestos	21.5	21.6	24.0	22.7	27.8	34.4	48.8	60.3	63.1	57.3	70.5
Chrome Ore	7.6	6.4	6.7	6.9	6.2	4.4	6.8	2.6	1.9	0.5	0.4
Cotton Lint	0.5	13.8	16.8	23.2	21.3	37.2	19.1	36.6	36.4	40.1	46.4
Cattle Hides	1.5	1.7	2.4	3.8	5.9	4.1	1.9	4.3	5.5	6.4	9.4
Other	6.9	14.3	11.3	12.1	16.2	15.2	13.4	16.3	18.8	21.1	18.3
Total	38.0	57.8	61.2	68.7	77.4	95.3	90.0	120.1	125.7	125.4	145.0
Mineral Fuels	12.4	7.8	5.7	3.3	2.1	2.6	4.4	6.2	7.2	7.9	9.5
Oils and Fats	0.6	0.2	0.6	0.7	1.1	2.5	1.1	3.1	4.7	5.8	6.1
Chemicals	9.2	3.3	4.2	4.3	4.6	5.0	4.6	5.7	4.3	4.6	5.6
Manufactured Goods											
Steel Ingots	1.1	8.5	8.7	9.8	8.5	8.7	8.0	11.2	19.8	22.8	26.0
Steel Bars	1.6	1.0	2.5	1.9	3.8	2.3	1.9	3.9	5.3	12.1	23.7
Copper Metal	12.1	21.0	19.6	22.2	30.1	34.9	22.6	23.1	19.0	23.6	26.2
Tin Metal	1.1	1.0	1.3	1.4	2.1	4.1	3.4	3.8	5.4	6.3	8.5
Ferrio Chrome	3.4	11.9	10.8	15.7	23.7	24.6	40.7	58.5	25.9	22.9	43.6
Nickel Metal	-	17.6	16.4	16.4	19.2	20.9	16.0	31.7	40.6	40.0	32.3
Other	11.9	4.7	4.3	4.9	5.2	6.7	6.5	5.8	2.5	3.6	3.8
Total	31.2	65.7	63.6	72.3	92.6	102.2	99.1	138.0	119.0	131.3	164.1
Machinery and Transport Equipment											
Radios and Parts	4.2	5.3	5.2	4.4	4.1	6.2	5.7	3.7	2.1	2.6	4.1
Cars and Parts	5.9	0.1	0.1	0.1	0.1	0.1	-	0.1	0.1	0.1	-
Other	7.1	7.4	5.2	6.9	6.2	8.8	9.9	9.3	9.8	11.4	10.6
Total	17.2	12.8	10.5	11.4	10.4	15.1	15.6	13.1	12.0	14.1	14.7
Miscellaneous Manufactured Goods											
Apparel	11.0	9.0	11.3	12.1	14.4	16.2	13.8	15.0	11.6	11.9	11.7
Footwear	3.5	2.8	3.8	4.2	4.9	5.4	5.1	5.7	3.9	4.1	4.6
Other	26.5	14.2	17.4	17.4	23.0	31.8	29.8	32.9	31.4	36.3	47.1
Total	41.0	26.0	32.5	33.7	42.3	53.4	48.7	53.6	46.9	52.3	63.4
Grand Total (f.o.b)	278.6	245.8	270.2	321.7	378.4	465.8	464.7	516.8	490.5	545.0	599.7

Source: Treasury Officials

November 1980

Table 3.04: ZIMBABWE - DOMESTIC EXPORTS OF PRINCIPAL COMMODITIES, 1965 AND 1970-79

(Thousands of tons)

Commodity	1965	1970	1971	1972	1973	1974	1975	1976	1977	1978	1979
Sugar	153.2	95.4	142.1	185.2	141.7	178.5	156.6	151.1	151.9	136.1	244.6
Maize	7.3	400.3	432.9	871.7	557.0	541.6	845.5	345.1	392.3	507.4	218.6
Tea	0.5	2.7	2.8	2.8	3.5	4.8	4.9	4.2	4.5	7.6	1.8
Beef	16.3	37.8	47.0	60.5	74.4	49.2	40.8	48.1	58.7	55.1	43.4
Tobacco-Unmanufactured	120.7	47.1	54.7	69.8	85.4	78.9	56.6	76.0	65.9	75.9	60.4
Asbestos	167.4	188.6	208.0	200.7	259.9	261.3	277.8	279.5	250.0	212.4	285.0
Chrome Ore	635.1	564.5	465.9	422.5	440.4	266.8	283.7	135.3	87.6	20.0	11.5
Cotton Lint	1.6	35.7	38.0	49.9	41.8	48.4	35.0	45.1	39.7	46.6	49.3
Cattle Hides	7.7	6.9	10.4	11.7	13.8	10.7	8.8	11.3	62.4	12.1	11.2
Coke	0.1	0.2	0.2	0.2	0.1	0.1	0.1	0.1	0.1	0.1	0.1
Copper Metal	16.7	23.0	30.3	37.3	43.0	40.7	41.9	34.3	32.9	35.8	26.6
Nickel Metal	-	8.1	8.7	10.0	11.4	11.4	8.6	13.3	15.6	16.5	13.9
Tin Metal	0.4	0.4	0.6	0.7	0.9	0.9	0.9	0.8	0.8	0.7	0.9
Ferro Chrome	21.3	95.1	73.6	104.8	173.3	156.9	186.7	245.0	106.9	101.5	170.9

Source: Treasury Officials

December 1980

Table 3.05: ZIMBABWE - IMPORTS BY SITC CATEGORIES IN CURRENT PRICES, 1965 AND 1970-79

(Z$ million)

	1965	1970	1971	1972	1973	1974	1975	1976	1977	1978	1979
Food	18.7	12.2	13.0	9.5	13.0	14.5	14.3	7.2	6.4	4.6	9.7
Beverages and Tobacco	7.0	1.5	1.2	1.2	1.7	1.5	1.5	1.2	1.3	1.4	2.1
Crude Materials	9.8	12.5	11.7	12.1	14.0	21.3	17.3	14.2	12.0	13.1	18.5
Electricity & Mineral Fuels	11.8	16.2	18.4	20.7	23.5	45.3	67.8	76.7	87.4	89.2	162.1
Oils and Fats	2.6	1.0	1.4	0.9	0.7	3.0	2.1	2.0	1.9	0.4	2.2
Chemicals	26.9	26.8	32.4	32.5	34.5	68.2	61.9	48.9	54.3	60.4	76.4
Machinery and Transport Equipment	76.0	74.8	107.4	100.8	116.5	135.7	166.6	120.2	109.8	102.1	127.3
Miscellaneous Manufactured Articles	86.8	89.8	96.9	96.9	104.5	148.7	130.1	112.4	114.4	29.1	150.8
Total Imports	239.6	234.8	282.4	274.6	308.4	438.2	461.6	382.8	387.5	169.1	549.1

Source: Treasury officials

December 1980

Table 3.06: ZIMBABWE - CAPITAL ACCOUNT TRANSACTIONS

(Z$ million)

	1966	1970	1971	1972	1973	1974	1975	1976	1977	1978	1979
Central Government (Net):											
Disbursements	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	-	0.1	0.1	77.2	128.6
Repayments	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	3.9	4.2	5.7	9.5	10.6
Other Transactions, net	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	-	-	-	-	-
Total	2.0	1.3	-2.6	-0.8	-1.4	-2.1	-3.9	-4.1	-5.6	67.7	118.0
Public Corporations (Net):											
Disbursements	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	21.3	15.8	3.7	3.0	0.5
Repayments	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	23.7	12.8	5.4	7.2	6.7
Other Transactions, net	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	-	-	-	-	-
Total	-2.6	-2.7	-2.5	4.0	10.1	-1.5	-2.4	3.0	-1.7	-4.2	-6.2
Private (Net):											
Recorded Disbursements	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	130.5	72.3	48.1	56.1	10.5
Recorded Repayments	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	39.9	56.4	32.2	42.5	40.6
Other Recorded Transactions, net	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	-	-	-	-	-
Total	-3.0	19.1	14.5	21.2	27.9	63.8	90.6	15.9	15.9	13.6	-30.1
Errors and Omissions											
Total Capital Account (Net)	-0.6	4.3	9.4	24.4	36.6	60.2	84.3	14.8	8.6	77.1	81.7

Source: National Accounts of Zimbabwe Rhodesia, 1978 and 1974

December 1980

Table 4.01: ZIMBABWE - STATEMENT OF FOREIGN DEBT AS OF AUGUST 1980

(Z$ '000)

Calendar Year	Interest Payments	Amortization Payments	Capital Repayments	Annuity Payments	Total Outflow For Year
1980	840	-	15948	-	16788
1981	11201	487	43685	16090	71463
1982	9836	487	46112	14665	71100
1983	8187	375	40308	14665	63535
1984	6803	375	48712	14665	70555
1985	5374	375	54331	14665	74745
1986	3637	300	31830	14665	50432
1987	2498	300	14573	14665	32036
1988	1848	300	6170	14665	22983
1989	1357	300	19615	-	21272
1990	847	300	16530	-	17677
1991	706	300	13443	-	14451
1992	688	300	10084	-	11072
Total	53822	4199	361343	118745	538109

Total Foreign Debt as of August 27, 1980 $ 450,985,738

Source: Government of Zimbabwe

December 1980

Table 5.01: ZIMBABWE - CENTRAL GOVERNMENT FINANCE, 1971/72-1979/80

(Z$ Million for Years Ending June 30)

	71/72	72/73	73/74	74/75	75/76	76/77	77/78	78/79	79/80	Budget 80/81
Revenue:	244	270	318	400	462	531	610	580	674	863
of which:										
Income Tax	(104)	(123)	(155)	(217)	(270)	(280)	(288)	(261)	(316)	(407)
Sales & Excise Tax	(77)	(57)	(64)	(76)	(81)	(137)	(172)	(183)	(213)	(234)
Customs Duty		(27)	(26)	(28)	(24)	(24)	(23)	(22)	(22)	(42)
Non-tax Revenue	(43)	(200)	(238)	(314)	(363)	(81)	(117)	(105)	(113)	(164)
Expenditure:	250	318	386	468	505	662	780	881	1064	1300
of which:										
Recurrent	141	152	180	216	242	311	411	482	604	626
Transfers	87	101	132	141	158	212	274	324	368	519
(Interest & Pensions)	(37)	(39)	(43)	(49)	(54)	(66)	(82)	(110)	(118)	(170)
(Subsidies & Grants)	(41)	(33)	(38)	(55)	(55)	(143)	(189)	(212)	(245)	(331)
Capital	22	25	36	58	56	68	60	54	55	82
Long-Term Loans & Investments (net)	42	54	48	59	49	38	38	28	30	60
Short-Term Lending (net)	-42	-14	-10	-6	-0.3	33	-3	-6	7	13
Gross Deficit	-6	48	68	68	43	131	170	302	390	437
Gross Financing Requirements	16	-	-	-	-	224	238	365	487	576
Financing										
Long Term Loan Requirements:	15	17	17	22	19	22	18	13	13	12
External (net)	-	-	-	5	-	-	70	129	97	
Domestic	-	31	51	-	-	-	-	-	-	-
Banking System	15	-	-	11	35	45	19	48	123	564
Other	1	-	-	79	61	157	131	175	254	

Source: Monthly Digest of Statistics, July 1980, October 1978, January 1977, December 1975

December 1980

Table 5.02: ZIMBABWE - COMPOSITION OF CENTRAL GOVERNMENT RECURRENT REVENUE, 1971/72 - 1979/80

(Z$ Million)

	71/72	72-73	73/74	74/75	75/76	76/77	77/78	78/79	79/80	Budget 80/81
Direct Taxes										
Personal Income Tax	n.a.	122	149	207	259	266	277	247	298	387
Profits Tax	n.a.	-	-	2	2	2	2	2	2	2
Other	n.a.	1	6	8	9	12	9	12	15	18
Total	104	123	155	217	270	280	288	261	315	407
Indirect Taxes										
Sales Tax	34	37	41	50	54	103	138	148	171	166
Excise Tax	43 a/	20	23	26	27	34	34	35	42	68
Customs Duties		27	26	28	24	24	23	22	22	42
Other	2	2	3	3	3	4	4	3	2	6
Total	79	86	93	107	108	165	199	208	237	282
Other	7	6	6	6	5	5	5	6	7	11
Total Recurrent Revenue	190	215	254	330	383	450	492	475	559	700
				Percentage of Total Revenue						
Direct Taxes										
Personal Income Tax	n.a.	56.8	58.7	62.7	67.6	59.1	56.4	52.0	53.3	55.3
Profits Tax	n.a.	-	-	0.6	0.5	0.4	0.4	0.4	0.4	0.3
Other	n.a.	0.3	2.4	2.4	2.3	2.7	1.8	2.5	2.7	2.6
Total	54.7	57.1	61.1	65.7	70.5	62.2	58.6	54.9	56.4	58.2
Indirect Taxes										
Sales Tax	17.9	17.2	16.1	15.2	14.1	22.9	28.0	31.2	30.6	23.7
Excise Tax	22.6 a/	9.3	9.0	7.9	7.0	7.6	6.9	7.4	7.5	9.7
Customs Duties		12.6	10.2	8.5	6.3	5.3	4.6	4.6	3.9	6.0
Other	1.1	1.0	1.2	1.0	0.8	0.9	0.8	0.6	0.4	0.9
Total	41.6	40.1	36.5	32.6	28.2	36.7	40.4	43.8	42.4	40.3
Other	3.7	2.8	2.4	1.8	1.3	1.1	1.0	1.3	1.3	1.6
Total Recurrent Revenue	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0

a/ This figure is the sum of Excise Tax and Customs Duties

Source: Supplement to Monthly Digest of Statistics, July 1980, January 1977
Finance Statements 1980, 7/24/80

December 1980

Table 5.03: ZIMBABWE - CENTRAL GOVERNMENT RECURRENT EXPENDITURES, FUNCTIONAL CLASSIFICATION, 1970-79

(In millions of Z$)

	1970	1971	1972	1973	1974	1975	1976	1977	1978	1979
General Administration & Defense	64.6	68.7	73.5	96.1	123.5	150.0	206.4	285.3	340.1	400.4
Social Services:	61.7	67.8	76.3	86.5	101.0	117.8	130.4	143.5	169.0	206.4
of which:										
Education and Health	(55.2)	(60.4)	(69.4)	(77.9)	(89.7)	(106.1)	(118.8)	(124.5)	(141.6)	(164.7)
Other	(6.5)	(7.4)	(6.9)	(8.6)	(11.3)	(11.7)	(11.6)	(19.0)	(27.4)	(41.7)
Economic Services:	64.9	59.9	71.0	78.3	115.5	115.1	129.2	172.8	209.0	167.6
Pensions	6.8	7.6	9.5	10.7	13.0	14.5	20.7	22.4	28.8	27.7
Public Debt Transactions	24.3	26.0	26.3	28.2	36.4	32.5	36.4	40.4	47.2	62.6
All Other	2.1	2.2	2.6	2.4	4.0	3.5	4.0	4.4	3.7	3.9
Total	224.4	232.2	259.2	302.2	393.4	433.4	527.1	668.8	797.8	868.6

Source: Economic Survey of Zimbabwe, April 1980

December 1980

Table 5.04: ZIMBABWE - CENTRAL GOVERNMENT RECURRENT EXPENDITURES FUNCTION CLASSIFICATION, 1970-79

(In percentage shares of recurrent expenditure)

	1970	1971	1972	1973	1974	1975	1976	1977	1978	1979
General Administration & Defense	28.8	29.6	28.4	31.8	31.4	34.6	39.2	42.7	42.6	46.1
Social Services: of which	27.5	29.2	29.4	28.6	25.7	27.2	24.7	21.5	21.2	23.8
Education & Health	(24.6)	(26.0)	(26.8)	(25.8)	(22.8)	(24.5)	(22.5)	(18.6)	(17.8)	(19.0)
Other	(2.9)	(3.2)	(2.6)	(2.8)	(2.9)	(2.7)	(2.2)	(2.9)	(3.4)	(4.8)
Economic Services:	28.9	25.8	27.4	25.9	29.4	26.6	24.5	25.8	26.2	19.3
Pensions	3.0	3.3	3.7	3.5	3.3	3.4	3.9	3.4	3.6	3.2
Public Debt Transactions	10.8	11.2	10.2	9.3	9.3	7.5	6.9	6.0	5.9	7.2
All Other	1.0	1.0	1.0	0.8	1.0	0.8	0.8	0.7	0.5	0.5
Total	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0

Source: Annex Table 5.03

December 1980

Table 5.05: ZIMBABWE - CENTRAL GOVERNMENT RECURRENT EXPENDITURES, ECONOMIC CLASSIFICATION, 1971/72-1979/80

(Z$ million)

	71/72	72/73	73/74	74/75	75/76	76/77	77/78	78/79	Estimate 79/80	Budget 80/81
Goods and Services:										
Wages, Salaries and Allowances	94	110	117	140	157	190	210	253	316	372
Subsistence and Transport	7	8	9	11	14	20	24	28	37	35
Incidental Expenses	5	7	9	10	11	14	14	17	20	25
Other Recurrent Expenditure on Goods and Services	35	27	45	55	60	87	116	150	227	188
Total Goods and Services	141	152	180	216	242	311	364	448	600	620
Transfers:										
Interest	26	27	29	31	33	37	42	54	70	107
Public Corporations	22	28	35	33	30	51	88	82	62	80
Pensions	11	12	14	17	21	26	29	37	48	63
Grants and Transfers	28	34	54	59	74	98	161	183	191	274
Total Transfers	87	101	132	140	158	212	320	356	371	524
Current Expenditure	228	253	312	356	400	523	684	804	971	1144
	Percentage Shares of Total Net Recurrent Expenditure									
Goods and Services:										
Wages, Salaries and Allowances	41.2	43.5	37.5	39.3	39.3	36.3	30.7	31.5	32.5	32.5
Subsistence and Transport	3.0	3.2	2.9	3.1	3.5	3.8	3.5	3.5	3.8	3.1
Incidental Expenses	2.2	2.8	2.9	2.8	2.8	2.7	2.0	2.1	2.1	2.2
Other Recurrent Expenditure on Goods and Services	15.4	10.7	14.4	15.4	15.0	16.6	17.0	18.7	23.4	16.4
Total Goods and Services	61.8	60.2	57.7	60.7	60.5	59.5	53.2	55.7	61.8	54.2
Transfers:										
Interest	11.4	10.7	9.3	8.7	8.3	7.1	6.1	6.7	7.2	9.3
Public Corporations	9.6	11.1	11.2	9.3	7.5	9.8	12.9	10.2	6.4	7.0
Pensions	4.8	4.7	4.5	4.8	5.3	4.9	4.2	4.6	4.9	5.5
Grants and Transfers	12.4	13.4	17.3	16.6	18.5	18.7	23.5	22.8	19.7	24.0
Total Transfers	38.2	39.9	42.3	39.3	39.5	40.5	46.8	44.3	38.2	45.8
Current Expenditure	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0

Source: Supplement to the Monthly Digest of Statistics, July 1980, October 1978, January 1977, December 1975

December 1980

Table 5.06: ZIMBABWE - GROSS PUBLIC DEBT OF THE CENTRAL GOVERNMENT, 1965 AND 1970-79

(Z$ million, end of year)

	1965	1970	1971	1972	1973	1974	1975	1976	1977	1978	1979
Stock Issues	299.3	418.3	451.0	474.2	525.9	553.8	550.5	584.4	648.5	763.8	929.4
Registered Bonds	23.6	20.4	19.3	30.3	30.4	38.9	43.1	51.6	58.2	174.4	338.4
Other Loans	49.0	38.6	38.8	25.1	23.4	18.0	16.3	11.3	11.2	18.4	22.3
Savings and Loan Certificates	11.7	11.8	11.7	12.0	12.3	11.0	9.2	7.1	5.5	9.7	28.9
Floating Debt	48.5	114.6	80.5	89.5	73.2	63.8	71.0	130.1	140.9	180.0	159.8
Other Capital Liabilities	11.1	5.2	4.9	4.9	4.7	4.6	4.5	4.0	3.6	3.5	3.5
Total	443.2	608.9	606.2	636.0	669.9	690.1	694.6	788.5	867.9	1149.8	1482.3

Source: Supplement to the Monthly Digest of Statistics, July 1980

December 1980

Table 5.07: ZIMBABWE - LOCAL GOVERNMENT REVENUE AND EXPENDITURES, 1965 AND 1970-78

(Z$ million)

	1965	1970	1971	1972	1973	1974	1975	1976	1977	1978
Revenue										
Gross Operating Profit	-	-	-	-	-	18.8	18.9	17.9	20.9	21.4
Indirect Taxes:										
Rates & Sanitation Fees	7.0	8.9	10.7	12.2	13.6	15.0	16.6	20.7	23.0	24.2
Motor Vehicle Licences	-	1.7	3.7	4.4	5.4	5.9	6.2	6.8	7.5	7.9
Other	0.1	0.3	0.3	0.2	0.3	0.4	0.5	0.9	0.9	1.0
Total	7.1	11.0	14.7	16.8	19.4	21.4	23.3	28.3	31.4	33.0
Interest: Central Government	0.2	0.8	0.8	0.4	0.5	0.5	0.4	0.2	0.3	0.4
Other	4.7	4.7	4.2	5.7	8.3	3.0	3.6	3.0	2.2	2.3
Total	4.9	5.5	5.0	6.1	8.8	3.5	4.0	3.2	2.5	2.7
Rents and Royalties	5.1	7.4	8.7	9.8	11.0	12.1	13.7	15.5	16.8	17.6
Transfers N.E.S.:										
Central Government	2.6	3.7	3.3	3.8	4.3	10.8	15.5	19.2	20.2	19.9
Other	3.6	5.2	7.9	8.4	8.0	2.5	1.7	3.6	3.6	3.8
Total Revenue	23.1	32.8	38.3	43.3	50.4	69.1	77.1	87.7	95.4	98.4
Expenditure										
Current Expenditure on Goods and Services	16.1	24.7	28.9	35.0	39.3	41.0	54.0	56.2	58.6	62.3
Less: Fees, Sales and Recoveries	-4.5	-8.3	-10.4	-11.8	-14.3	-11.2	-13.3	-8.9	-8.5	-8.9
Net Current Expenditure on Goods & Services	11.7	16.4	18.5	23.2	25.0	29.8	40.7	47.3	50.1	53.5
Interest: Central Government	3.6	3.7	3.7	3.2	5.5	5.9	5.8	6.5	7.0	7.0
Other	2.2	2.4	3.0	3.4	3.9	4.1	6.1	7.3	7.6	7.8
Total	5.8	6.1	6.7	6.6	9.4	10.1	11.9	13.9	14.5	14.8
Transfers N.E.S.:										
Central Government	0.3	0.3	0.3	-	-	-	-	-	-	-
Public Corporations	-	-	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1
Other	0.2	0.3	0.4	0.4	0.5	0.6	0.5	1.4	1.9	2.0
Total	0.5	0.6	0.8	0.5	0.6	0.7	0.6	1.5	2.0	2.1
Current Surplus	5.0	9.6	12.2	13.0	15.3	28.6	23.9	25.1	28.7	28.0
Total Expenditure	23.1	32.8	38.3	43.3	50.4	69.1	77.1	87.7	95.4	98.4

Source: Rhodesia National Accounts and Balance of Payments, 1974 and 1978

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Table 5.08: ZIMBABWE - GROSS PUBLIC DEBT OF LOCAL AUTHORITIES, 1965 AND 1970-79

(Z$ million; end of year)

	1965	1970	1971	1972	1973	1974	1975	1976	1977	1978	1979
Long-Term Borrowing:											
Registered Stock	38.7	38.4	41.7	50.4	61.8	75.4	86.9	94.2	98.4	107.7	113.7
Central Government	67.5	70.0	79.1	82.9	86.6	86.9	92.9	95.9	95.1	105.0	114.3
Private	4.8	7.7	8.0	8.9	11.4	18.0	20.7	26.2	36.1	41.6	51.4
Total	111.0	116.1	128.8	142.2	159.9	180.0	200.4	216.3	229.6	254.3	279.4
Short-Term Borrowing	3.2	0.5	0.9	0.2	0.2	0.2	0.2	4.5	4.1	3.7	3.0
Grand Total	114.2	116.6	129.7	142.4	160.1	180.2	200.6	220.8	233.7	258.0	282.4

Source: Supplement to the Monthly Digest of Statistics, July 1980

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Table 6.01: ZIMBABWE - MONETARY SURVEY, 1970-79

(Z$ million; end of period)

	1970	1971	1972	1973	1974	1975	1976	1977	1978	1979
Foreign Assets (Net):	47.9	20.4	60.7	109.2	56.0	29.0	0.3	(7.9)	113.1	208.7
Reserve Bank	38.9	23.0	53.6	101.3	55.4	38.5	(2.9)	(10.6)	106.8	184.1
Deposit Banks	9.0	(2.6)	7.1	7.9	0.6	9.5	3.2	2.7	6.3	24.6
Domestic Credit:										
To Central & Local Government (net)	94.2	111.1	97.4	69.3	80.4	135.8	214.3	220.2	190.3	173.5
Reserve Bank	21.4	42.8	27.5	(12.3)	21.3	65.4	83.7	105.5	54.3	3.3
Deposit Banks	72.8	68.3	69.9	81.6	59.1	70.4	130.6	114.7	136.0	170.2
To the Private Sector	191.1	257.2	291.2	344.4	483.9	641.6	679.0	729.2	709.1	723.5
Money:										
Currency in Circulation	34.4	37.9	44.4	49.0	61.6	66.9	79.2	83.9	95.2	107.6
Demand Deposits	155.2	176.0	207.4	229.6	264.8	257.2	272.8	290.5	319.9	355.6
Term Deposits	116.7	146.7	164.2	185.3	218.5	366.9	418.4	435.9	453.6	476.4
Other Items (Net)	(26.8)	(28.1)	(33.3)	(58.9)	(75.4)	(115.5)	(123.2)	(131.2)	(143.9)	(166.2)

Source: Reserve Bank of Zimbabwe

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Table 6.02: ZIMBABWE - LOANS AND ADVANCES[a/] BY SECTOR, 1965 AND 1970-79

(Z$ million; end of period)

	1965	1970	1971	1972	1973	1974	1975	1976	1977	1978	1979
Central Government)							0.4	1.0	1.2	2.5	0.8
Local Authorities)----------	2.8	20.7	28.3	48.0	36.8	54.7	-	-	-	-	-
Parastatals)							75.8	92.3	95.2	88.5	60.4
Households	10.8	18.7	21.0	26.7	31.6	35.6	35.5	30.5	33.8	27.0	24.7
Non-Resident Businesses	1.7	0.8	0.5	0.7	0.9	0.4	2.4	2.3	0.6	0.5	0.9
Resident Businesses:											
Agriculture	27.5	28.8	33.7	34.6	37.1	45.9	53.2	55.6	49.1	52.7	52.2
Mining and Quarrying	3.6	4.7	11.2	7.8	9.9	6.8	12.3	10.6	17.1	15.3	13.9
Manufacturing	16.5	21.6	31.8	23.3	31.2	45.7	47.4	74.9	83.5	86.6	75.0
Electricity and Water	n.a	n.a	n.a	n.a	n.a	n.a	0.1	0.2	0.3	0.4	0.4
Construction	1.1	1.9	3.7	4.2	4.9	7.3	8.2	7.4	6.2	4.7	3.8
Trade	15.7	18.7	19.6	22.7	33.1	45.4	37.0	30.6	34.3	33.8	28.6
Transport & Communications	n.a	n.a	n.a	n.a	n.a	n.a	9.1	6.2	6.0	4.3	5.0
Finance	8.2	20.5	19.7	18.2	20.9	25.8	29.0	26.0	26.9	30.5	36.5
Business Services	n.a	n.a	n.a	n.a	n.a	n.a	11.0	11.8	11.2	13.0	12.0
Other b/	6.9	4.7	-0.1	0.3	0.6	2.2	-0.6	1.7	2.5	7.8	-0.7
Total	94.8	141.1	169.4	186.5	207.0	269.8	320.8	351.1	367.9	367.6	313.5

a/ Commercial banks.
b/ Including unallocated and timing adjustments

Source: Reserve Bank of Zimbabwe

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Table 6.03: ZIMBABWE - INTEREST RATES, 1965 AND 1970-80

(End of period, percent per annum)

	1965	1970	1971	1972	1973	1974	1975	1976	1977	1978	1979	1980 (June)
Central Bank Rate	4.50	4.50	4.50	4.50	4.50	4.50	4.50	4.50	4.50	4.50	4.50	4.50
Treasury Bill Rate	3.83	3.68	3.80	3.77	3.52	3.52	3.55	3.62	3.54	3.61	3.57	3.42
Certificates of Deposit												
6 month - lowest		3.88	4.50	4.72	4.50	4.20	4.35	4.25	3.75	4.00	3.90	4.10
24 month - highest		5.25	6.00	6.10	5.70	6.40	7.10	5.75	5.50	5.25	5.50	6.00
Central Government Stocks												
Under 5 years	5.06	4.81	4.81	4.81	4.73	4.73	4.73	4.93	4.93	4.93	4.93	4.91-5.56
20-25 years	6.61	6.61	6.61	6.61	6.61	6.61	6.61	6.61	6.61	8.94	8.94	8.61-8.75
Commercial Bank Deposit Rates												
Lowest rate (savings accounts)		3.00	3.00	3.00	3.00	3.00	3.00	3.00	3.00	3.00	3.00	3.00
Highest Rate (fixed deposits --36 months)						5.24	5.25	5.25	5.25	5.25	5.25	5.75
Building Societies												
Lowest Rate (savings deposits)		3.50	3.50	3.50	3.50	3.50	3.50	3.50	3.50	3.50	3.50	3.50
Highest Rate (fixed deposits 48-60 months)		5.75	5.75	5.75	5.75	5.75	5.75	5.75	5.75	5.75	5.75	5.75
Lending Rates												
Commercial Bank overdraft (minimum)		6.50	7.50	7.50	7.50	7.50	7.50	7.50	7.50	7.50	7.50	7.50
Building Societies												
Housing		7.25	7.25	7.25	7.25	7.25	7.25	7.25	7.25	7.25	7.25	7.25
Commercial		8.00	8.00	8.00	8.00	8.00	8.00	8.00	8.00	8.00	8.00	8.50
Agriculture												
Long		6.50	6.50	6.50	6.50	6.50	6.50	6.50	6.50	6.50	6.50	6.50
Short		6.50	7.00	7.00	7.00	7.00	7.00	7.00	7.00	7.00	7.00	7.00

Source: Supplement to the Monthly Digest of Statistics, July 1980; Ministry of Finance

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Table 6.04: ZIMBABWE - CONSUMER PRICE INDEXES, LOW AND HIGH INCOME GROUPS, 1965 AND 1970-80

(1964=100)

	1964	1965	1970	1971	1972	1973	1974	1975	1976	1977	1978	1979	Sept. 1980
						(Low Income Group)							
Foodstuffs	100.0	103.3	116.1	118.8	122.1	127.3	136.2	153.2	166.7	185.7	204.3	229.1	230.5
Drink and Tobacco	100.0	102.9	113.4	119.4	127.8	131.3	134.5	142.2	168.6	185.8	205.0	230.9	262.2
Clothing and Footwear	100.0	100.1	105.1	105.7	108.9	113.2	127.0	132.4	143.6	161.1	167.6	194.5	221.5
Rent, Fuel and Light	100.0	100.4	103.7	109.5	111.6	111.7	114.7	125.3	149.3	166.3	190.7	212.3	217.8
Household Stores	100.0	103.3	114.3	120.2	124.7	131.4	153.9	172.7	195.6	230.7	247.5	282.0	315.1
Transport	100.0	100.0	113.6	115.9	117.6	121.0	130.2	143.9	171.6	196.2	219.2	272.5	297.7
Miscellaneous	100.0	99.7	104.1	106.5	107.7	108.6	110.1	112.7	120.8	134.8	139.2	156.0	108.0
All Items	100.0	102.5	112.4	115.8	119.1	122.8	130.9	144.0	160.6	179.8	197.4	223.4	228.1
All items net of sales tax and excise duty	100.0	102.5	110.9	114.3	117.5	120.9	128.9	141.8	155.8	169.6	186.3	210.9	219.8
						(High Income Group)							
Foodstuffs	100.0	102.5	115.1	118.0	123.9	128.1	141.8	153.6	167.3	183.8	205.3	228.4	255.5
Drink and Tobacco	100.0	105.1	128.9	128.6	128.4	128.9	129.9	142.4	163.5	184.7	190.0	207.8	250.1
Clothing and Footwear	100.0	100.5	107.3	110.1	113.2	118.6	134.1	146.6	157.8	173.3	183.4	197.0	213.3
Rent and Rates	100.0	99.5	111.4	117.6	122.9	128.1	131.0	133.5	140.6	144.7	145.9	148.3	152.1
Fuel and Light	100.0	100.9	102.9	102.5	101.9	101.2	101.5	103.4	110.8	124.2	130.2	145.7	148.0
Household Stores	100.0	101.6	106.2	108.7	111.0	114.7	129.5	141.1	156.3	172.2	183.0	195.7	216.3
Servants' Wages	100.0	101.9	110.9	114.7	122.0	127.6	138.0	154.5	173.6	194.4	211.6	230.7	386.1
Vehicle Expenses	100.0	101.0	127.7	129.6	134.0	140.3	156.3	171.2	192.1	211.3	239.2	302.9	334.5
Miscellaneous	100.0	102.5	121.9	127.1	135.9	141.2	150.4	164.6	179.1	202.3	212.0	240.2	260.6
All Items	100.0	101.7	115.6	119.1	124.3	128.8	138.5	149.2	162.6	178.2	190.0	210.6	234.3
All items net of sales tax and excise duty	100.0	101.7	113.6	116.9	122.0	126.4	136.0	146.5	157.1	167.8	178.5	197.5	222.8

Source: Monthly Digest of Statistics, July 1980

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Table 6.05: ZIMBABWE - RECENT PRICE CHANGES

(Annual average - percentage changes)

	Average 1970-74	Average 1974-80	1977	1978	1979	Sept 1980
Consummer Prices						
a. low income group	3.1%	8.3%	12.0%	9.8%	13.2%	2.1%
b. high income group	3.7%	7.8%	9.6%	10.7%	10.8%	11.3%
Wholesale Prices	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
Deflator for Domestic Consumption and Investment a/	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
GDP Deflator	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
Import Prices b/	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.

a/ The Domestic demand deflator rather than the GDP deflator. The latter would include the impact of export and import prices.

b/ Unit values in Zimbabwean dollar terms.

Source: Annex table 6.04

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Table 7.01: ZIMBABWE - ESTIMATED QUANTITIES AND VALUES OF AGRICULTURAL PRODUCTION, 1965 AND 1970-79

(Tons and Z$ '000)

COMMODITY	Unit	1965	1970	1971	1972	1973	1974	1975	1976	1977	1978	1979
Maize	Tons	568,000	980,000	1,547,000	2,240,000	957,000	2,091,000	1,743,000	1,710,000	1,658,000	1,616,000	1,162,000
	Value	18,239	33,634	45,775	88,950	37,236	87,006	82,514	88,407	86,199	84,011	70,093
Tobacco-Burley	Tons	1,960	4,390	4,240	4,700	3,300	2,360	2,775	2,182	1,698	2,140	2,778
	Value	790	2,080	1,720	2,670	1,920	1,390	1,804	1,244	1,307	2,010	2,177
Tobacco-Flue Cured	Tons	110,810	59,290	61,690	64,200	70,290	82,090	83,920	110,533	83,374	82,969	111,686
	Value	48,820	28,580	31,450	37,930	56,070	57,730	57,733	79,071	67,974	81,994	92,023
Groundnuts (shelled)	Tons	n.a.	63,250	97,750	112,900	17,700	117,160	167,500	173,300	219,547	75,306	29,849
	Value	n.a.	3,571	8,269	19,396	3,186	22,983	35,011	50,195	71,022	23,485	12,261
Wheat	Tons	3,837	53,938	87,070	81,824	85,000	90,000	128,752	147,854	171,134	207,997	158,940
	Value	130	3,730	6,270	5,680	5,680	6,940	14,198	17,583	20,821	22,472	18,110
Soya Beans	Tons	0	9,000	9,000	9,000	22,000	31,000	27,920	44,824	44,103	69,746	80,999
	Value	0	710	240	900	2,340	2,810	2,880	4,611	5,919	9,729	11,853
Seed Cotton	Tons	27,000	95,050	141,208	167,179	141,077	164,267	163,066	131,566	148,006	173,914	166,830
	Value	3,700	13,900	22,300	28,100	34,300	42,900	35,598	46,818	49,997	53,303	54,871
Sorghum	Tons	n.a.	65,200	105,000	146,200	50,636	164,048	135,551	121,267	63,532	73,177	50,083
	Value	n.a.	2,622	4,616	6,459	1,943	6,642	5,315	6,165	4,652	5,097	3,790
Sunflower Seeds	Tons	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	78,100	29,300	15,900	n.a.	n.a.
	Value	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	8,314	3,093	1,761	n.a.	n.a.
Coffee	Tons	n.a.	n.a.	n.a.	1,600	1,581	3,011	3,837	5,073	3,151	5,149	4,106
	Value	n.a.	n.a.	1,000	1,000	1,000	2,000	3,344	9,290	8,727	9,376	10,565
Cattle	Head	390,000	450,000	535,000	650,000	730,000	552,000	526,000	648,000	719,000	732,000	653,000
	Value	22,978	36,429	44,164	57,871	77,589	62,799	74,658	74,826	91,452	87,293	85,660
Sugar	Tons	160,000	200,000	230,000	240,000	250,000	290,000	290,000	230,000	340,000	290,000	(310,000)
	Value	11,000	16,000	19,000	24,000	25,000	44,000	54,374	36,216	29,005	28,262	33,466
Milk (Commercial Herds)	Tons	105,000	137,000	143,000	151,000	165,000	165,000	151,000	157,000	165,000	160,000	(155,000)
	Value	n.a.	n.a.	n.a.	11,023	14,355	16,005	15,598	15,951	16,764	20,144	24,149

Sources: Ministry of Agriculture, Zimbabwe
A Guide to Zimbabwe
Agricultural Marketing Authority, Zimbabwe

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Table 7.02: ZIMBABWE - QUANTITIES AND VALUES OF MARKETED AGRICULTURAL PRODUCTION, 1965 AND 1970-79

(Tons and Z$'000)

Commodity	Unit	1965	1970	1971	1972	1973	1974	1975	1976	1977	1978	1979
Maize	Tons	289,000	616,000	1,062,000	1,341,000	550,000	1,337,000	1,007,000	970,000	941,000	877,000	511,000
	Value	9,326	21,141	31,424	53,251	21,626	55,632	47,672	50,149	48,922	45,593	30,826
Tobacco-Burley	Tons	1,960	4,390	4,240	4,7000	3,300	2,360	2,775	2,182	1,698	2,140	2,778
	Value	790	2,080	1,720	2,670	1,920	1,390	1,804	1,244	1,307	2,010	2,177
Tobacco-Flue Cured	Tons	110,810	59,290	61,690	64,220	70,290	82,090	83,920	110,533	83,374	82,969	111,686
	Value	48,820	28,850	31,450	37,930	56,070	57,730	57,733	79,071	67,974	81,994	92,023
Groundnuts (shelled)	Tons	11,700	9,600	20,900	56,100	18,200	30,500	29,059	25,145	8,773	11,502	8,264
	Value	108	542	1,768	9,638	3,276	5,983	6,074	7,283	2,838	3,587	3,400
Sunflower Seed	Tons	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	53,100	22,300	10,400	4,000	n.a.
	Value	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	5,653	2,354	1,152	n.a.	n.a.
Soya Beans	Tons	0	9,000	9,000	9,000	22,000	31,000	27,920	44,824	44,103	69,745	80,999
	Value	0	710	240	900	2,340	2,810	2,880	4,611	5,919	9,729	11,853
Cotton	Tons	27,000	95,020	141,208	167,179	141,077	164,267	163,066	131,566	148,006	173,914	166,030
	Value	3,700	13,900	22,300	28,100	34,300	42,900	35,598	46,818	49,997	53,303	54,871
Sorghum	Tons	n.a.	7,000	14,800	25,813	13,229	4,643	14,562	14,025	16,723	20,000	19,000
	Value	n.a.	731	651	1,141	508	188	571	713	1,225	1,393	1,439
Wheat	Tons	3,837	53,938	87,070	81,824	85,000	90,000	128,752	147,854	171,134	207,997	158,940
	Value	130	3,730	6,720	5,680	5,680	6,840	14,198	17,583	2,082	22,472	18,110
Coffee	Tons	n.a.	n.a.	n.a.	1,600	1,581	3,011	3,837	5,073	3,151	5,149	4,106
	Value	n.a.	n.a.	1,000	1,000	1,000	2,000	3,344	9,290	8,727	9,376	10,565
Cattle	Head	370,000	420,000	510,000	620,000	700,000	523,000	496,000	614,000	684,000	696,000	619,000
	Value	21,800	34,000	42,100	55,200	74,400	59,500	70,400	70,900	87,000	83,000	81,200
Milk (through Dairy Marketing Board)	Tons	79,000	109,000	118,000	127,000	142,000	144,000	136,000	144,000	141,000	137,000	146,000
	Value	n.a.	n.a.	n.a.	9,271	12,354	13,968	14,049	14,630	14,326	17,248	22,747

Source: Ministry of Agriculture, Zimbabwe
A Guide to Zimbabwe
Agricultural Marketing Authority, Zimbabwe

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Table 7.03: ZIMBABWE - APPROXIMATE SIZE OF LIVESTOCK HERDS
1965 and 1970-79

('000 head)

	1965	1970	1971	1972	1973	1974	1975	1976	1977	1978	1979
Cattle	3830	5290	5600	5620	5670	5850	6080	6280	6580	6027	n.a.
of which:											
Beef a/	1630	2470	2690	2910	2790	2790	3010	3130	3230	3080	n.a.
Dairy b/	42	48	48	48	51	50	48	49	47	48	44
Sheep and Goats	1200	1981	2567	2641	2729	2747	2711	2463	2516	2649	n.a.
Pigs	148	203	188	201	216	227	205	212	193	209	n.a.

a/ Commercial Herd
b/ Commercial Herd Cows' milk

Source: Ministry of Agriculture, Zimbabwe
Whitsum Foundation Data Bank No. 2

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Table 7.04: ZIMBABWE - CROP PRODUCER PRICES, 1965/66 AND 1970/71-1980/81

CROP	Unit	65/66	70/71	71/72	72/73	73/74	74/75	75/76	76/77	77/78	78/79	79/80	80/81
Maize	Z$/ton - Grade A	34.04	32.97	30.05	25.88	30.37	40.11	37.00	44.00	52.00	53.00	60.50	85.00
Confectionery Groundnuts	Z$/ton - Class A/A1	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	220.40	275.80	295.00	378.00	360.00	390.00
Seed Cotton	Z¢/kg - Grade A	n.a.	n.a.	n.a.	18.30	26.60	28.00	26.30	35.50	33.00	33.00	36.50	37.50 /a
Sunflower Seed	Z$/ton - Standard	59.97	62.55	64.36	68.18	100.90	102.72	102.72	102.72	105.44	124.00	n.a.	n.a.
Soyabeans	Z$/ton - Class A/A1	n.a.	85.00	84.90	73.60	112.00	126.80	105.60	110.00	132.00	143.00	157.20	173.00
All Tobacco	Z¢/kg Average Realized	60.55	42.20	46.50	45.60	51.00	78.30	68.80	64.60	73.20	98.80	82.40	n.a.
Wheat	Z$/ton - Premium A	66.30	73.85	73.68	73.41	73.57	84.29	114.40	125.40	127.40	110.00	115.00	130.00
Sorghum	Z$/ton - Grade A	33.43	37.25	38.64	41.65	41.81	41.54	41.54	60.00	75.00	75.00	80.00	105.00
Coffee	Z$/ton - Class ½	n.a.	n.a.	n.a.	660.00	633.00	869.00	805.00	1120.00	2580.00	2326.00	3000.00	2470.00
Beef	Z¢/kg Average Realized	30.20	35.80	36.80	40.40	48.80	56.80	59.80	57.00	57.90	57.30	(104-61) /b	n.a.
Milk	Z¢/kg Basic Whole Milk	5.87	5.92	6.25	6.37	6.85	6.93	8.37	10.00	9.85	9.86	12.29	18.81

a/ Excluding payment to come
b/ Range of official prices (by quality) for CY80

Source: Ministry of Agriculture, Zimbabwe
Agricultural Marketing Authority, Zimbabwe

December 1980

Table 7.05: ZIMBABWE - AGRICULTURAL LAND USE[a/] (As of 1978/79)

('000 hectares)

Land Use Category	USER CATEGORY African Purchase Land	Tribal Trust Land	Commercial Farming	Others	Total
Mainly Crop land	829	4,203	7,758		12,790
Crops of which:					
Maize	35	550	200		785
Sorghum	5	90	10		105
Groundnuts	15	250	neg		265
Cotton	12	40	85		137
Tobacco	neg[b/]	neg	55		55
Wheat/Barley	neg	neg	50		50
Fodder			73		73
Irrigation	neg	5	150		155
Mainly Grazing Land	648	11,297	7,437		19,382
Of which:					
Natural	648	11,297	7,437		19,382
Improved	neg	neg	neg		neg
Mainly Forest Land	-	972	754		1,726
Of which:					
Natural	-	972	661		1,633
Managed	-	0	93		93
Parks	-	-	-	2,026	2,026
Other	-	-	-	2,911	2,911
Total	1,477	16,472	15,949	4,937	39,028

a/ Excluding Urban Areas of Approximately 198,000 hectares.
b/ Negligible

Source: Ministry of Agriculture, Zimbabwe

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Table 8.01: ZIMBABWE - MINERAL PRODUCTION, GROSS OUTPUT AND EXPORTS, 1965, 1975 AND 1979

Mineral	Production				Output (Z$ mil)		Exports ((Z$ mil)		Annual Growth Rate (%)			
									Production		1965-1979	
	Unit	1965	1975	1979	1965	1979	1965	1979	65/75	75/79	Out-put	Exports
Gold	000oz.	550	354	386	13.8	80.9	13.6	78.9	-4.5	2.2	13.5	13.4
Asbestos	000tonnes	160	262	260	17.1	65.9	21.3	70.5	5.0	-0.2	10.1	8.9
Nickel	" "	n.a.	9.1	14.6	0.4	45.1	0.4 a/	32.5 a/	n.a.	12.5	39.0	37.0 a/
Copper	" "	18.0	47.6	29.6	12.6	35.1	13.1 b/	26.2 b/	10.2	-10.0	7.6	5.1 b/
Coal	mil."	3.5	3.3	3.2	7.7	25.8	5.8 c/	9.5 c/	-1.5	-0.9	9.0	3.6 c/
Chrome	000 "	586	876	542	5.2	16.1	11.0 d/	44.0 d/	4.1	-12.8	8.4	10.4 d/
Other Minerals	--	--	--	--	7.1	45.9	n.a.	n.a.	--	--	14.3	n.a
Total	Index	111	189	186	63.9	314.8	72.8 e/	270.1 e/	5.5	-0.4	12.1	9.8 e/
	(-------- Base 1964 = 100 ---------)											

a/ Nickel metal and concentrate
b/ Copper " "
c/ Coke and coal
d/ Ferrochrome and chrome ore
e/ Mineral ores, ferrochrome and non-ferrous metals

n.a. Not available

Sources: Monthly Digest of Statistics, July 1980 and unpublished official international trade statistics (Central Statistical Office, Salisbury)

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Table 8.02: ZIMBABWE - VALUE ADDED, EMPLOYMENT, CAPITAL EXPENDITURE AND LABOR EARNINGS IN MINING SECTOR, 1969 AND 1978

(values in current prices)

Mineral	Structure (%)				Annual growth rate 1969/1978 (%)		Net capital expenditure (Z$ mil)		Wages & salaries per employee (Z$)	
	Value added		Employment							
	1969	1978	1969	1978	Value added	Employment	1969	1978	1969	1978
Gold	11.1	24.1	23.4	29.3	20.0	4.6	1.1	5.5	380	954
Asbestos	19.9	28.0	17.0	20.8	14.5	3.8	1.9	38.6	666	1,580
Copper & Nickel	41.5	22.4	21.0	18.9	2.9	0.3	8.1	8.0	691	1,494
Chrome	5.3	3.2	10.4	8.7	4.1	-0.5	0.5	0.7	410	910
Stone quarrying	2.3	1.5	2.4	2.3	5.5	1.1	0.1	0.3	464	875
Other mining	19.9	20.8	25.8	20.0	10.8	-1.3	3.5	6.3	609	1,270
Total mining & quarrying	100.0	100.0	100.0	100.0	--	--	--	--	--	--
Current values	70.2	168.8	47.1	53.9	10.2	2.3	15.2	59.4	558	1,244
	(Z$ mil)		(000 no.)		(%)	(%)	(Z$ mil)		(Z$)	
Deflated values /a	70.2	90.8	--	--	2.9	--	15.2	26.7	558	728

a/ Value added deflated by the GDP (market price) deflator, capital expenditure by the gross fixed capital formation deflator, and labor earnings (or wages & salaries per employee) by the weighted average of consumer price index for lower and higher income urban families.

Sources: The Census of Production, 1978/79, and Monthly Digest of Statistics, op. cit, and National Accounts of Zimbabwe Rhodesia, 1978 (Central Statistical Office, Salisbury).

December 1980

Table 8.03: ZIMBABWE - MINERAL PRODUCTION AND GROSS OUTPUT, 1965 AND 1970-79

Mineral	1965	1970	1971	1972	1973	1974	1975	1976	1977	1978	1979
					(Thousands of Metric Tons)						
Copper	18.0	30.0	34.4	46.5	51.9	47.5	47.6	41.3	34.8	33.8	29.6
Asbestos	159.8	187.7	205.6	205.9	261.9	261.4	261.5	281.4	273.2	248.9	259.6
Chrome	585.6	503.8	671.7	755.1	790.4	703.0	875.7	863.9	677.3	477.8	541.8
Gold /a	550.0	438.0	399.0	349.0	338.0	335.0	354.0	387.0	402.0	399.0	386.0
Nickel	-	8585	9278	10115	10873	10694	9121	14604	16671	15701	14591
Silver	83	210	252	271	270	240	242	200	207	1109	977
Iron Ore	1287	1813	818	723	735	715	1246	1353	1176	1123	1201
Tin Metal	511	1094	1118	990	1138	1089	997	915	920	945	947
Coal	3509	3520	3360	2908	3536	3105	3300	3593	3029	3065	3188
Cobalt	-	-	-	43	23	28	18	-	-	17	204
					(Value in Z$ '000)						
Copper	12,566	24,767	20,456	25,826	39,869	45,796	24,686	29,457	21,964	23,044	35,149
Asbestos	17,052	17,913	21,657	20,765	26,044	32,375	41,701	61,077	67,032	67,007	65,864
Chrome	5,248	5,440	9,421	10,689	10,196	9,647	22,056	26,858	19,917	13,452	16,139
Gold	13,786	11.494	11,917	13,220	19,018	29,829	31,956	30,116	37,214	51,855	80,912
Nickel	418	16,514	16,720	17,675	18,388	20,456	19,616	35,227	42,826	39,456	45,077
Silver	38	250	277	203	223	356	607	541	599	4,043	7,259
Iron Ore	1,948	1,134	1,146	1,224	1,326	1,271	3,033	5,829	6,833	7,851	7,387
Tin Metal	1,396	2,499	2,461	2,202	2,509	3,752	3,971	4,935	6,149	8,206	9,946
Coal	7,742	8,762	8,087	7,388	10,275	10,859	18,677	23,297	21,051	23,708	25,843
Cobalt	-	-	-	34	19	55	24	-	-	69	5223
Other	3,752	9,929	9,089	8,148	8,002	10,757	11,513	13,140	13,901	13,505	16,005
Total	63,946	98,702	101,230	107,374	135,869	165,153	177,840	230,477	237,489	252,196	314,804

a/ In '000 fine ounce

Source: Monthly Digest of Statistics, August 1980

December 1980

Table 8.02: ZIMBABWE - VALUE ADDED, EMPLOYMENT, CAPITAL EXPENDITURE AND LABOR EARNINGS IN MINING SECTOR, 1969 AND 1978

(values in current prices)

Mineral	Structure (%)				Annual growth rate 1969/1978 (%)		Net capital expenditure (Z$ mil)		Wages & salaries per employee (Z$)	
	Value added		Employment							
	1969	1978	1969	1978	Value added	Employment	1969	1978	1969	1978
Gold	11.1	24.1	23.4	29.3	20.0	4.6	1.1	5.5	380	954
Asbestos	19.9	28.0	17.0	20.8	14.5	3.8	1.9	38.6	666	1,580
Copper & Nickel	41.5	22.4	21.0	18.9	2.9	0.3	8.1	8.0	691	1,494
Chrome	5.3	3.2	10.4	8.7	4.1	-0.5	0.5	0.7	410	910
Stone quarrying	2.3	1.5	2.4	2.3	5.5	1.1	0.1	0.3	464	875
Other mining	19.9	20.8	25.8	20.0	10.8	-1.3	3.5	6.3	609	1,270
Total mining & quarrying	100.0	100.0	100.0	100.0	--	--	--	--	--	--
Current values	70.2	168.8	47.1	53.9	10.2	2.3	15.2	59.4	558	1,244
	(Z$ mil)		(000 no.)		(%)	(%)	(Z$ mil)		(Z$)	
Deflated values /a	70.2	90.8	--	--	2.9	--	15.2	26.7	558	728

a/ Value added deflated by the GDP (market price) deflator, capital expenditure by the gross fixed capital formation deflator, and labor earnings (or wages & salaries per employee) by the weighted average of consumer price index for lower and higher income urban families.

Sources: The Census of Production, 1978/79, and Monthly Digest of Statistics, op. cit, and National Accounts of Zimbabwe Rhodesia, 1978 (Central Statistical Office, Salisbury).

December 1980

Table 8.03: ZIMBABWE - MINERAL PRODUCTION AND GROSS OUTPUT, 1965 AND 1970-79

Mineral	1965	1970	1971	1972	1973	1974	1975	1976	1977	1978	1979
					(Thousands of Metric Tons)						
Copper	18.0	30.0	34.4	46.5	51.9	47.5	47.6	41.3	34.8	33.8	29.6
Asbestos	159.8	187.7	205.6	205.9	261.9	261.4	261.5	281.4	273.2	248.9	259.6
Chrome	585.6	503.8	671.7	755.1	790.4	703.0	875.7	863.9	677.3	477.8	541.8
Gold /a	550.0	438.0	399.0	349.0	338.0	335.0	354.0	387.0	402.0	399.0	386.0
Nickel	-	8585	9278	10115	10873	10694	9121	14604	16671	15701	14591
Silver	83	210	252	271	270	240	242	200	207	1109	977
Iron Ore	1287	1813	818	723	735	715	1246	1353	1176	1123	1201
Tin Metal	511	1094	1118	990	1138	1089	997	915	920	945	947
Coal	3509	3520	3360	2908	3536	3105	3300	3593	3029	3065	3188
Cobalt	-	-	-	43	23	28	18	-	-	17	204
					(Value in Z$ '000)						
Copper	12,566	24,767	20,456	25,826	39,869	45,796	24,686	29,457	21,964	23,044	35,149
Asbestos	17,052	17,913	21,657	20,765	26,044	32,375	41,701	61,077	67,032	67,007	65,864
Chrome	5,248	5,440	9,421	10,689	10,196	9,647	22,056	26,858	19,917	13,452	16,139
Gold	13,786	11.494	11,917	13,220	19,018	29,829	31,956	30,116	37,214	51,855	80,912
Nickel	418	16,514	16,720	17,675	18,388	20,456	19,616	35,227	42,826	39,456	45,077
Silver	38	250	277	203	223	356	607	541	599	4,043	7,259
Iron Ore	1,948	1,134	1,146	1,224	1,326	1,271	3,033	5,829	6,833	7,851	7,387
Tin Metal	1,396	2,499	2,461	2,202	2,509	3,752	3,971	4,935	6,149	8,206	9,946
Coal	7,742	8,762	8,087	7,388	10,275	10,859	18,677	23,297	21,051	23,708	25,843
Cobalt	-	-	-	34	19	55	24	-	-	69	5223
Other	3,752	9,929	9,089	8,148	8,002	10,757	11,513	13,140	13,901	13,505	16,005
Total	63,946	98,702	101,230	107,374	135,869	165,153	177,840	230,477	237,489	252,196	314,804

a/ In '000 fine ounce

Source: Monthly Digest of Statistics, August 1980

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Table 8.04: ZIMBABWE - INDUSTRIAL STRUCTURE, EMPLOYMENT AND GROWTH OF MANUFACTURING INDUSTRIES, 1967/1978

Selected Subsectors (Selected Industries)	Value Added (VA) (%)			Employment (L) (000 no.)			Annual Growth Rate, 1967/1978 (%)	
	1967	1974	1978	1967	1975	1978	VA	L
Foodstuffs (incl. stockfeeds)	13.1	10.1	13.9	12.5	20.9	22.6	13.6	5.6
Drinks & tobacco	14.8	10.0	11.8	7.7	11.6	12.2	11.7	4.3
(Tobacco products)	(5.6)	(3.1)	(3.6)	(4.0)	(5.0)	(5.3)	(8.4)	(2.4)
Textiles (incl. ginning)	7.7	8.4	8.7	8.8	14.9	15.0	14.3	4.9
(Cotton ginning, weaving, etc.)	(6.0)	(6.4)	(7.1)	(6.3)	(10.7)	(11.0)	(14.6)	(5.2)
Clothing & footwear	9.8	8.1	6.5	11.8	18.7	15.6	8.8	2.6
Chemical & petroleum products	13.2	13.7	13.8	6.3	10.9	10.4	13.4	4.7
Metals & metal products	20.2	28.8	28.7	17.6	40.9	34.9	16.7	6.4
(Basic metal products)	(7.3)	(11.6)	(15.0)	(6.5)	(14.7)	(13.1)	(20.6)	(6.5)
(Fabricated metal products)	(9.1)	(11.5)	(10.9)	(8.2)	(21.0)	(17.4)	(14.9)	(7.1)
Total manufacturing (Z$ mil) (Including groups 7 to 11)	157.4	477.0	602.2	85.4	152.2	138.5	13.0	4.5

Source: Census of Production, 1978/79 (Central Statistical Organization, Salisbury, Zimbabwe).

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Table 8.05: ZIMBABWE - OVERALL GROWTH OF MANUFACTURING SECTOR, 1967/1974/1978

Description	Unit	Absolute levels			Annual growth rates (%)		
		1967	1974	1978	1967-1974	1974-1978	1967-1978
Net capital expenditure	Z$mil	15.2	102.2	45.3	31.3	-23.0	10.4
Average no. of employees (L)	(000)	85.4	148.0	138.5	8.2	- 1.7	4.5
Wages and salaries paid (W)	Z$mil	74.2	193.1	262.5	14.7	8.0	12.2
Gross value added (VA)	Z$mil	157.4	477.0	602.2	17.2	6.0	13.0
Gross output	Z$mil	403.3	1,198.6	1,470.0	16.8	5.2	12.5
Gross profit (VA-W)	Z$mil	83.2	283.9	339.7	19.2	3.7	13.6
Manufactured exports	Z$mil	66.0	139.1	141.5	11.2	0.4	7.2
Production volume (1964=100)	Index	107.7	213.2	182.5	10.2	-4.0	4.9
Labor productivity (VA/L)	Z$	1,844.0	3,222.0	4,348.0	8.3	7.8	8.1
Labor earnings (W/L)	Z$	867.0	1,305.0	1,896.0	6.0	9.8	7.4
Profit/value added (1-W/VA)	(%)	52.9	59.5	56.4	--	--	--
CPI (1964=100)	Index	105.4	136.0	178.5	3.7	7.3	4.9
GDP deflator (1965=100)	Index	99.4	137.0	197.0	4.7	9.5	6.4

Sources: Census of Production, 1978/79, Monthly Digest of Statistics July 1980, and National Accounts of Zimbabwe Rhodesia, 1978 (compiled and issued by the Central Statistical Office, Salisbury).

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Table 8.06: ZIMBABWE - INDEX OF VOLUME OF INDUSTRIAL PRODUCTION (COMMODITY GROUPING), 1965 AND 1970-79

(1964=100)

SUBSECTOR	1965	1970	1971	1972	1973	1974	1975	1976	1977	1978	1979
Foodstuffs (including stock-feeds)	110.2	155.9	169.0	184.7	208.9	210.2	212.5	224.3	244.7	234.7	256.2
Drink & Tobacco	95.7	108.7	112.7	125.6	145.1	157.4	163.7	169.2	158.2	159.8	166.7
Textiles including Ginning	114.1	200.9	222.8	259.4	276.7	291.0	282.2	257.1	259.1	252.6	296.9
Clothing & footwear	105.5	130.5	138.9	151.8	152.5	159.7	150.6	142.8	137.4	124.8	138.6
Wood & Furniture	109.7	154.5	166.6	177.9	190.2	202.7	184.1	169.9	143.8	141.9	176.4
Paper, Printing & Publishing	112.5	141.6	150.6	167.7	173.9	192.6	177.9	162.1	152.6	162.1	176.1
Chemical & Petroleum Products	119.1	156.1	169.0	191.4	191.0	208.7	219.1	194.5	192.0	192.8	196.6
Non-Metallic Mineral Products	103.2	195.7	226.4	251.4	272.4	301.4	276.6	238.9	194.1	155.3	185.2
Metal & Metal Products	109.3	186.6	216.1	247.6	281.3	307.0	305.0	281.6	244.1	241.4	262.0
Transport & Equipment	113.7	107.2	123.1	131.6	117.4	123.3	128.7	101.2	96.2	83.9	95.2
Other Manufacturing Groups	82.9	116.4	118.0	170.8	190.1	195.1	180.2	180.9	192.3	191.1	206.3
All Manufacturing Groups	108.9	148.7	160.3	184.3	199.3	213.2	211.2	199.1	187.4	182.5	198.8

Source: ZIMBABWE - Monthly Digest of Statistics, August 1980

December 1980

Table 8.0 7: ZIMBABWE - GROSS OUTPUT MANUFACTURING BY SECTOR, 1967 AND 1970-78

(Z$ '000)

SUBSECTOR	1967	1970	1971	1972	1973	1974	1975	1976	1977	1978
Foodstuffs	99,539	137,959	153,640	174,582	214,140	231,871	259,954	295,832	327,410	351,307
(including stockfeed)	37,938	49,268	55,253	63,610	69,663	80,337	92,148	103,149	104,572	121,202
Drink and Tobacco	36,096	57,390	71,576	87,983	103,022	138,891	136,613	151,212	156,544	165,008
Textiles,	34,258/a	46,238	53,413	60,598	69,668	84,110	88,972	85,158	79,909	80,765
(including ginning)	15,200	22,250	25,258	28,226	32,218	38,553	36,321	37,377	33,583	37,166
Clothing & Footwear	23,442	34,114	37,701	43,058	51,506	65,535	74,873	65,519	65,890	71,918
Wood and Furniture	53,819	82,867	98,870	113,212	120,558	166,049	184,119	170,542	192,028	205,734
Paper, Printing & Publishing	12,558	24,049	28,266	33,867	39,202	45,128	48,430	45,121	41,473	38,295
Chemical & Petroleum Products	58,431	113,477	140,043	157,331	188,220	249,335	291,743	290,616	267,012	298,680
Non-Metallic Mineral Products	11,361	20,502	28,057	33,450	29,790	44,016	51,946	45,050	46,707	42,870
Metals and Metal Products	16,547	20,833	22,777	24,198	28,836	41,071	39,033	35,738	39,157	40,037
Transport Equipment	4,119	6,650	7,846	9,348	10,896	13,707	13,713	13,839	14,801	17,051
Electrical Machinery	403,308	615,597	722,700	829,463	957,719	1,198,603	1,317,865	1,339,153	1,369,086	1,470,033
Other Manufacturing Groups										
All Manufacturing Groups										

a/This figure excludes footwear.

Source: The Census of Production, 1978/79

December 1980

Table 9.01: ZIMBABWE - RAILWAY FREIGHT TRAFFIC - FY 1973-1979

(Tonnes '000)

	1973	1974	1975	1976	1977	1978	1979	1980
Local	6,923	7,883	7,687	8,470	8,201	7,720	7,474	n.a.
Exports	2,964	2,506	2,632	2,959	2,651	2,444	2,572	n.a.
Imports	1,822	1,907	2,106	1,729	1,593	1,427	1,521	n.a.
Transit	889	349	379	469	390	364	721	n.a.
TOTAL	12,598	12,645	12,804	13,627	12,835	11,955	12,288	13,299

Source: Ministry of Transport and Power

September 1980

Table 9.02: ZIMBABWE - RAILWAY TRAFFIC BY COMMODITY IN FY 79

(Tonnes '000)

	EXPORTS	IMPORTS	TRANSIT	LOCAL	TOTAL
General Goods	235.2	454.4	57.7	888.7	1.636.0
Agriculture	850.9	146.6	117.5	1.553.4	2.668.4
Fuels/Chemicals	330.8	790.3	45.6	2.379.3	3.546.0
Metals	747.8	57.2	400.8	163.0	1.368.8
Minerals	404.0	23.8	99.3	1.660.8	2.187.9
Livestock	0.3	0.1	0	206.9	207.3
Miscellaneous & ORS	2.7	49.0	0.5	621.4	673.6
TOTALS:	2.571.7	1.521.4	721.4	7.473.5	12.288.0

Source: Ministry of Transport and Power

September 1980

Table 9.03: ZIMBABWE - RAILWAY TRAFFIC IN FY80

('000)

Routes	Transit	Exports	Imports
South Bound			
Via Botswana	323	1277	-
Via Beitbridge	255	754	-
From Zambia	578	-	2
Total	578	2031	2
North Bound			
From Botswana	387	-	482
Via Beitbridge	58	-	934
To Zambia	445	369	-
Total	445	369	1416

Total Traffic Both Directions: 4841 tons

Source: Zimbabwe Railway Sector Report

December 1980

Table 9.04: ZIMBABWE - EXPENDITURE ON ROADS, 1970/71-1979/80

(Z$ '000)

	1970/71	1971/72	1972/73	1973/74	1974/75	1975/76	1976/77	1977/78	1978/79	1979/80
Recurrent										
Administrative	2,318	2,644	2,940	3,166	3,850	4,285	4,748	4,771	5,366	5,827
Grants	1,040	1,203	1,363	1,343	2,588	2,074	1,544	1,635	2,083	2,375
Maintenance	2,720	3,335	3,666	4,073	5,192	5,310	6,719	7,321	7,931	8,742
Equipment Hire	248	348	437	580	1,245	1,061	1,385	1,385	1,537	1,522
Subtotal	6,326	7,530	8,406	9,162	12,630	12,730	14,396	15,112	16,917	18,466
Capital										
Fees/Services a/	4,850	5,302	5,863	6,183	7,888	8,169	9,367	8,282	8,348	9,287
Contract	1,748	1,817	2,041	3,292	4,840	8,711	3,346	2,219	518	301
Force Account	4,964	5,981	5,778	7,374	11,578	13,879	13,374	12,559	11,596	12,338
Equipment Hire	661	986	1,165	1,427	3,305	2,547	3,618	3,255	3,122	3,685
Subtotal	7,373	8,784	8,984	12,093	19,723	25,137	20,338	18,033	15,236	16,324
Total Recurrent & Capital	14,184	16,844	17,976	21,873	33,142	38,684	35,671	33,973	32,988	35,719

a/ Fees/services not included in capital subtotal

Source: Ministry of Roads and Roads Traffic

December 1980

Table 9.05: ZIMBABWE - BUILDING MATERIALS INDEX 1965, AND 1970-80

(Average 1964=100)

	1965	1970	1971	1972	1973	1974	1975	1976	1977	1978	1979	June 1980
Bricks	100.0	116.3	121.0	128.5	130.6	133.1	142.3	154.1	195.6	216.1	252.4	270.5
Cement Aggregates & Materials	103.7	115.5	117.6	120.0	127.3	140.8	168.4	184.9	214.3	250.1	288.5	305.8
Timber and Wood Products	103.5	129.2	136.7	146.0	159.5	199.8	229.9	242.8	281.5	307.5	376.3	435.6
Metal Windows & Door Frames	100.0	121.0	131.6	129.9	135.4	146.1	174.8	201.3	245.2	267.9	301.8	332.4
Roofing	108.2	127.2	126.0	128.2	137.9	146.6	160.1	175.7	206.4	227.3	246.9	274.8
Sanitary Wares & Plumbing	102.8	131.7	133.3	135.9	149.6	182.1	209.8	235.8	269.5	289.5	328.3	378.9
Flooring	100.0	108.5	117.9	118.2	127.6	153.7	195.7	209.2	228.9	243.3	285.4	328.6
Paint and Glass	102.0	116.9	117.1	117.1	123.6	147.9	161.3	201.4	230.6	264.5	302.3	346.1
Electrical Goods & Materials	102.1	119.6	117.3	117.4	129.1	159.4	164.5	187.0	201.4	211.3	231.9	243.4
Other	101.7	113.8	116.5	123.8	127.4	141.7	161.5	208.3	247.1	279.4	320.0	388.0
Total Materials	102.6	121.8	125.6	129.8	138.8	161.5	184.6	204.9	238.5	263.9	307.0	344.7

Source: Supplement to Monthly Digest of Statistics, July 1980

December 1980

Table 9.06: ZIMBABWE - CONSTRUCTION WORK DONE BY THE PUBLIC SECTOR AND BY PRIVATE CONTRACTORS, 1965 & 1970-79

(Z$ '000)

	1965	1970	1971	1972	1973	1974	1975	1976	1977	1978	1979
Public Sector Total	36.1	44.7	49.7	54.7	65.5	74.3	80.1	83.6	95.6	88.3	92.8
of which:											
Building	7.6	8.6	7.9	10.5	13.8	12.9	12.9	13.6	15.5	12.0	14.4
Civil Engineering	28.5	36.1	41.8	44.2	51.7	61.4	67.2	70.0	80.1	76.3	78.4
Private Contractors Total	26.4	69.7	87.7	102.9	120.4	147.3	159.3	126.4	114.2	101.1	124.3
of which:											
Building	15.1	51.0	59.6	68.0	75.2	89.6	93.1	76.1	68.2	55.5	74.5
(of which for Public Sector)	(2.5)	(10.0)	(9.4)	(13.4)	(14.5)	(26.6)	(30.5)	(33.3)	(34.7)	(26.6)	(39.3)
Civil Engineering	11.3	18.7	28.1	34.9	45.2	57.7	66.2	48.3	46.0	45.6	49.8
(of which for Public Sector)	(5.1)	(8.4)	(14.0)	(19.0)	(27.0)	(33.3)	(38.5)	(25.6)	(22.8)	(16.6)	(18.3)
Grand Total	62.5	114.4	137.4	157.6	185.9	221.6	239.4	210.0	209.8	189.4	217.1
of which: Public Sector	43.7	63.1	73.1	87.1	107.0	134.2	149.1	142.5	153.1	131.5	150.4

Source: Supplement to the Monthly Digest of Statistics, July 1980

December 1980

Table 10.01: ZIMBABWE - ESTIMATED ENERGY SUPPLY 1973-1979

(Thousand tons oil equivalents with percentages)

	1973	1974	1975	1976	1977	1978	1979
Domestically Produced							
Non-Thermal Electricity	863 (17)	1225 (23)	1316 (25)	1428 (26)	1493 (27)	1140 (21) a/	1241 (23)
Coal	2024 (40)	1946 (37)	1706 (32)	1984 (35)	1772 (32)	1724 (22)	1770 (32)
Other (Fuelwood/bagasse)	1391 (28)	1433 (27)	1465 (28)	1486 (27)	1523 (28)	1555 (29)	1577 (29)
Imported							
Electricity	34 (1)	27 (1)	49 (1)	25 (-)	28 (1)	260 (5)	273 (5)
Oil	710 (14)	621 (12)	765 (14)	676 (12)	668 (12)	696 (13)	606 (11)
Total	5022 (100)	5252 (100)	5301 (100)	5599 (100)	5485 (100)	5375 (100)	5467 (100)

a/ Basis of sharing Kariba complex with Zambia changed for 1978.

Source: Ministry of Commerce and Industry, Ministry of Mining and Energy, CAPC and ESB, Zimbabwe

Table 10.02: ZIMBABWE - ESTIMATED ENERGY CONSUMED BY SECTOR, 1973-1979

(Thousands tons oil equivalents with percentages)

	1973	1974	1975	1976	1977	1978	1979
Agriculture	261 (5.2)	274 (5.2)	373 (7.0)	365 (6.5)	377 (6.9)	349 (6.5)	370 (6.8)
Mining	308 (6.1)	369 (7.0)	383 (7.3)	424 (7.6)	442 (8.1)	422 (7.9)	418 (7.6)
Manufacturing & Commerce	1716 (34.2)	1773 (33.8)	1836 (34.6)	1965 (35.1)	1850 (33.7)	1744 (32.4)	1846 (33.8)
Transport	565 (11.2)	482 (9.2)	535 (10.1)	495 (8.8)	445 (8.1)	435 (8.1)	428 (7.6)
Power and Other	781 (15.6)	921 (17.5)	709 (13.4)	864 (15.4)	847 (15.4)	870 (16.2)	828 (15.1)
Totals	3631 (72.3)	3819 (72.7)	3836 (72.4)	4113 (73.4)	3961 (72.2)	3820 (71.1)	3890 (71.1)
Fuelwood	1391 (27.7)	1433 (27.3)	1465 (27.6)	1486 (26.6)	1523 (27.8)	1555 (28.9)	1577 (28.8)
Totals	5022 (100)	5252 (100)	5301 (100)	5599 (100)	5484 (100)	5375 (100)	5467 (100)

Source: Energy Sector Report

February 1981

Table 10.03: ZIMBABWE - FUEL IMPORT BILL, 1972-1979

	1972	1973	1974	1975	1976	1977	1978	1979
Volume /a	4502	5013	4374	5389	4754	4698	4887 /b	4230 /b
Value (f.o.b., Z$ mill.)	15.7	18.9	38.1	59.2	66.1	71.8	72.7	140.3
Unit Value Index	3.49	3.76	8.72	10.98	13.91	15.29	15.54 /c	34.10 /c

a/ in 1,000 barrels.
b/ Kerosene imports for these years have been corrected based on market sales data.
c/ The unit cost calculation is based on data reported by the Government, not on the basis of corrected data.

Source: Energy Sector Report

February 1981

Table 11.01: ZIMBABWE - ENROLLMENT

(in thousands)

	1972	1973	1974	1975	1976	1977	1978	1979	1980
PRIMARY:									
Grade 1/Infants 1	157.4	159.1	166.1	168.9	170.0	174.6	163.5	173.0	376.4
Grade 2/Infants 2	134.3	145.2	149.6	154.1	155.1	155.1	144.9	142.7	207.9
Grade 3/Standard 1	124.0	127.7	139.4	140.4	141.9	141.6	130.5	125.9	170.4
Grade 4/Standard 2	108.0	114.0	118.7	125.6	125.6	124.5	114.9	110.7	144.7
Grade 5/Standard 3	99.3	103.6	108.1	110.7	114.4	111.9	102.1	99.2	126.0
Grade 6/Standard 4	73.2	78.1	85.1	89.0	92.7	97.6	89.5	88.1	112.9
Grade 7/Standard 5	59.5	63.0	68.1	74.3	84.0	85.9	82.1	77.9	97.1
Special classes	1.2	1.4	1.3	1.3	1.4	1.4	1.4	1.5	0.6
Aided Community classes	0.2	0.2	0.1	0.1	0.1	0.1	0.1	0.1	-
Total Primary	757.1	792.3	836.5	864.4	885.2	892.7	829.0	819.1	1,236.0
SECONDARY:									
Grade 8/Form 1	18.5	19.1	19.6	19.7	20.1	19.6	18.9	20.0	22.2
Grade 9/Form 2	16.8	17.9	18.3	18.8	18.8	17.6	17.7	18.1	17.1
Grade 10/Form 3	10.0	10.4	11.3	13.7	14.4	14.6	14.7	14.7	15.9
Grade 11/Form 4	8.1	9.5	9.8	10.7	12.6	12.9	13.4	13.3	12.9
Form 5	3.2	3.3	3.2	3.6	3.7	3.7	3.6	3.2	1.8
Form 6 Lower	1.2	1.4	1.4	1.4	1.6	1.6	1.6	1.6	2.7
Form 6 Upper	1.0	1.1	1.3	1.3	1.3	1.4	1.5	1.4	1.4
Special classes	0.5	0.5	0.5	0.4	0.5	0.5	0.5	0.4	0.3
Post Primary Vocational and Homecraft classes	1.0	1.0	1.1	1.3	1.5	1.4	1.1	0.8	0.6
Total Secondary	60.3	64.2	66.5	70.9	74.5	73.3	73.0	73.5	74.9
Total Enrollments	817.4	856.5	903.0	935.3	959.7	966.0	902.0	892.6	1,310.9

ENROLLMENTS AT OTHER EDUCATIONAL INSTITUTIONS (in units)

	1970	1971	1972	1973	1974	1975	1976	1977	1978	1979	1980
TEACHERS' TRAINING COLLEGES	2,574	2,492	2,612	2,648	2,805	2,932	2,861	2,985	2,982	3,082	2,726
UNIVERSITY OF ZIMBABWE a/	923	993	978	1,076	1,116	1,355	1,506	1,617	1,798	1,481	1,873

a/ Full time students only

Sources: Ministry of Education and Culture and Supplement to the Monthly Digest of Statistics, July 1980

Table 11.02: ZIMBABWE - PRIMARY AND SECONDARY ENROLLMENTS (BY MAJOR ETHNIC SUBSECTORS) 1972-78 [a]

(in thousands)

	AFRICANS							NON-AFRICANS						
	1972	1973	1974	1975	1976	1977	1978	1972	1973	1974	1975	1976	1977	1978
PRIMARY														
Grade 1	151.7	153.3	160.4	163.2	164.1	169.2	158.3	5.8	5.8	5.8	5.8	5.7	5.3	5.2
Grade 2	128.9	139.5	144.0	148.5	149.6	149.7	139.9	5.4	5.7	5.6	5.5	5.3	5.3	4.9
Grade 3	118.4	122.2	133.8	134.8	136.4	136.5	125.5	5.6	5.5	5.6	5.5	5.3	5.9	4.8
Grade 4	102.4	108.3	113.3	120.1	120.1	119.5	110.1	5.6	5.7	5.4	5.4	5.2	5.0	4.7
Grade 5	93.4	97.9	102.4	105.4	109.1	106.7	97.2	6.0	5.7	5.6	5.3	5.2	5.0	4.8
Grade 6	67.2	72.1	79.4	83.3	87.4	92.6	84.7	6.0	6.0	5.7	5.7	5.1	5.0	4.8
Grade 7	53.5	56.9	62.2	68.6	78.4	80.8	77.3	5.9	6.1	5.9	5.7	5.4	5.0	4.7
Special & Community Classes	0.6	0.7	0.7	0.7	0.8	0.8	0.8	0.9	0.9	0.8	0.8	0.8	0.8	0.9
TOTAL PRIMARY	716.1	750.9	796.2	824.6	845.9	855.8	793.8	41.2	41.4	40.4	39.7	38.0	36.2	34.8
SECONDARY														
Grade 8/Form I	12.3	13.0	13.5	13.7	14.4	14.3	14.1	6.2	6.2	6.1	6.0	5.4	5.0	4.7
Grade 9/Form II	10.9	11.7	12.2	12.8	12.9	12.4	12.6	6.0	6.1	6.0	6.0	5.7	5.2	4.9
Grade 10/Form III	4.2	4.3	5.2	7.6	8.4	8.9	9.5	5.7	6.0	6.1	6.0	5.8	5.5	5.1
Grade 11/Form IV	3.1	4.1	4.1	4.9	6.8	7.5	8.0	5.0	5.3	5.6	5.6	5.5	5.2	5.2
Grade 12/Form V	-	-	-	-	-	-	-	2.0	2.0	2.0	2.2	2.2	2.4	2.4
Grade 13/Form VI M [b]	-	-	-	-	-	-	-	1.0	1.2	1.2	1.2	1.4	1.1	1.1
Grade 12/Form VI Lower	0.3	0.3	0.3	0.4	0.5	0.5	0.6	1.0	0.9	0.9	1.1	1.0	1.1	1.2
Grade 13/Form VI Upper	0.2	0.3	0.3	0.3	0.4	0.4	0.4	0.7	0.8	0.9	0.8	0.8	0.9	0.9
Special Classes	-	-	-	-	-	-	-	0.5	0.5	0.5	0.5	0.6	0.5	0.5
TOTAL SECONDARY	31.0	33.7	35.6	39.7	43.4	44.0	45.2	28.1	29.0	29.3	29.4	28.4	26.9	26.0
POST PRIMARY [c]	1.0	1.0	1.1	1.3	1.5	1.4	1.1	-	-	-	-	-	-	-
TEACHER TRAINING	2.1	2.2	2.3	2.5	2.4	2.6	2.6	-	-	-	-	-	-	-
GRAND TOTAL	750.2	787.8	835.2	868.1	893.2	903.8	842.7	69.3	70.4	69.7	69.1	66.4	63.1	60.8

a/ In 1979 the two ethnically separated systems were unified and detailed statistics based on major ethnic groups are no longer available.
b/ "Matriculation": National examination qualifying for admission to South African universities.
c/ Vocational and Homecraft.
Source: Supplement to the Monthly Digest of Statistics, April 1979.

Table 11.03: ZIMBABWE - MINISTRY OF EDUCATION AND CULTURE - RECURRENT COST BY TYPE OF EXPENDITURES

(in Z$)

	Categories of Expenditures	FY1978/79 (Actual)	FY1979/80 (Actual)	FY1980/81 (Estimates)	Calendar Year 1974	Calendar Year 1979	Calendar Year 1980
1.	Salaries	75,625,947	103,940,915	152,443,000	42,654,667	89,783,429	128,191,958
2.	Subsistence & Transport	370,825	485,860	616,500	306,449	428,343	551,180
3.	Incidental Expenses	554,959	472,967	680,500	648,827	513,963	576,733
4.	Grants and Contributions	5,016,168	4,885,960	19,610,900	2,737,680	4,951,062	12,248,430
5.	Furniture and Equipment	1,131,464	1,001,145	1,063,100	477,882	1,066,304	1,032,123
6.	Loans	122,952	404,880	790,000	67,547	263,916	597,440
7.	Examination Expenses	159,418	128,761	238,000	65,686	144,089	183,380
8.	Literature Bureau	56,284	64,646	64,000	62,077	60,465	64,323
9.	Training Colleges (School & hostel services)	6,972,688	7,304,127	8,708,000	4,107,107	7,138,408	8,006,064
10.	Gardens & Grounds	25,297	6,610	8,000	31,812	15,953	7,305
11.	Agriculture Services	8,075	2,838	7,000	1,946	5,457	4,919
12.	Audio-Visual Services	48,937	337,285	483,000	56,980	193,161	410,192
	TOTAL	90,093,014	119,036,094	184,712,000	51,218,660	104,564,554	151,874,047

Source: Ministry of Education and Culture

Table 11.04: ZIMBABWE - MINISTRY OF EDUCATION AND CULTURE - RECURRENT COST BY LEVEL AND TYPE OF EDUCATION

(in Z$)

Levels and Types of Education / Years	FY1978/79 (Actual)	FY1979/80 (Actual)	FY1980/81 (Estimates)	Calendar Year 1974	Calendar Year 1979	Calendar Year 1980
Administration & General	7,387,556	6,323,447	10,024,000	3,670,781	6,855,502	8,173,724
Examination Branch	308,238	250,985	397,000	128,411	279,611	323,992
Audio-Visual Branch	48,937	337,385	483,000	56,980	193,161	410,193
Literature Bureau	145,569	163,640	188,000	110,078	154,605	175,820
Community Development Training	705,139	749,042	918,000	503,577	727,090	833,521
Primary Education	20,482,348	27,431,123	38,543,000	15,924,931	23,956,736	32,987,061
Secondary Education	22,004,774	24,611,141	29,573,000	13,435,575	23,307,958	27,092,071
Teacher Training	2,647,436	3,400,195	4,050,000	1,664,019	3,023,816	3,725,097
Private Schools (Subsidies):						
(i) Primary	26,553,085	44,796,148	86,054,000	10,955,250	35,674,616	65,425,074
(ii) Secondary	9,192,903	10,327,660	13,735,000	4,326,747	9,760,281	12,031,330
(iii) Teacher Training	617,029	645,328	747,000	442,311	631,178	696,164
SUB-TOTAL (Private)	36,363,017	55,769,136	100,536,000	15,724,308	46,066,075	78,152,568
GRAND TOTAL	90,093,014	119,036,094	184,712,000	51,218,660	104,564,554	151,874,047
Total Subsidies to Private Education as % of Total Expenditures	40%	47%	54%	31%	44%	51%

Source: Ministry of Education and Culture

Table 11.05: ZIMBABWE - EDUCATION AND TRAINING SECTOR - RECURRENT EXPENDITURES

(in Z$ million)

LEVELS & TYPES OF EDUCATION	1979 Amounts	1979 As % of MOEC	1979 As % of Total	1980 Amounts	1980 As % of MOEC	1980 As % of Total
1. Primary	64.3	61.5	54.5	104.7	69.0	62.0
2. Secondary	35.7	34.1	30.2	41.4	27.2	24.5
3. Teacher Training	3.9	3.7	3.3	5.0	3.3	3.0
4. Community Development	0.7	0.7	0.6	0.8	0.5	0.5
Sub-total (MOEC)a/	104.6	100.0	88.6	151.9	100.0	90.0
5. Higher Education	8.7		7.4	11.0		6.5
Sub-total EDUCATION	113.3		96.0	162.9		96.5
6. Agricultural Training	0.5		0.4	0.7		0.4
7. Technical Training	4.2		3.6	5.3		3.1
Sub-total TRAINING	4.7		4.0	6.0		3.5
TOTAL	118.0		100.0	168.9		100.0
TOTAL CENTRAL GOVERNMENT RECURRENT EXPENDITURES	889.0 b/			1,058.5 b/		
Education and Training as %	13.3%			16.0%		
GNP (Market price)	2,583.0			n.a.		
Education and Training as %	4.6%			n.a.		

Sources: Ministry of Education and Culture - Supplement to Monthly Digest of Statistics, July 1980 - Central Government Budgets FY 79/80 - 80/81.

a/ Ministry of Education and Culture: Administration and Miscellaneous expenditures have been distributed over the various levels and types of education on a pro-rata basis.

b/ Average of the two FY concerned.

'able 11.06: ZIMBABWE - MINISTRY OF EDUCATION AND CULTURE - CAPITAL OUTLAYS

(in Z$ '000)

Calendar Year	Administration and General	Technical	Secondary	Primary	Total
1975		1,074	2,711	1,606	5,391
1976		2,214	1,839	2,136	6,189
1977	189	1,645	1,571	1,858	5,263
1978		939	1,754	1,060	3,753
1979		644	2,671	1,302	4,617
	)189	6,516	10,546	7,962	25,213

Note: Estimates 1980/81: 8,597

Source: Ministry of Education and Culture

Table 11.07: ZIMBABWE - PRINCIPAL FACTORS OF REGISTERED MORTALITY, 1979

	Africans	%	Europeans	%	Asians & Colored	%
Measles	2010	10.2	1		1	
Pneumonia (other than viral)	1767	9.0	82		11	
Enteritis and other diarrheal diseases	1220	6.2	1		5	
Avitaminosis and other nutritional deficiency	809	4.1	1		1	
Other causes of perinatal morbidity and mortality	747	3.8	6		7	
Transport accidents	710	3.6	160		18	
Heart diseases	639	3.2	521		38	
Malignant neoplasm of other and unsequential sites	591	3.0	109		9	
Symptoms and other ill-defined conditions	577	2.9	12		-	
Anoxic and hypoxic conditions not elsewhere classified	559	2.8	11		2	
Homicide and injury purposely inflicted	534	2.7	298		34	
Cerebro vascular diseases	472	2.4	186		12	
Cirrhosis of liver	367	1.9	30		2	
Tetanus	331	1.7	-		-	
Pulmonary tuberculosis	313	1.6	3			
Suicide and self-inflicted injury	282	1.4	41		5	
Meningitis	243	1.2	4		1	
Other bacterial diseases	241	1.2	6		2	
Hypertensive diseases	199	1.0	39		6	
Birth injury and difficult labor	186	0.9	1		1	
All Others	6915	35.1	912	32.0	64	29.2
Total	19712	100.0	2224	100.0	219	100.0

Source: Secretary of Health's report.

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Table 11.08: ZIMBABWE - PRINCIPAL FACTORS OF MORBIDITY
AFRICANS ONLY, 1975-1978

	1975	1976	1977	1978	Percentate increase 1975-1978
Malaria	9,022 (13.8)	10,057 (15.4)	7,206 (10.7)	10,721 (16.0)	18.8
Enteritis and other diarrheal diseases	9,114 (14.0)	8,040 (12.3)	9,054 (13.4)	8,232 (12.3)	-9.7
Laceration, gen. wound, etc.	8,174 (12.5)	7,587 (11.6)	7,713 (11.4)	7,589 (11.3)	-7.7
Pneumonia without specification of organism	6,819 (10.5)	6,456 (9.9)	7,198 (10.7)	6,297 (9.4)	-7.7
Other special admissions or consultations	7,801 (12.0)	7,362 (11.3)	6,678 (9.9)	6,280 (9.4)	-19.5
Other and unspecified abortion	6,677 (10.2)	6,747 (10.3)	6,290 (9.3)	6,266 (9.4)	-6.2
Delivery complicated by abnormality, etc.	5,438 (8.3)	5,593 (8.6)	5,707 (8.4)	6,237 (9.3)	14.7
Measles	5,127 (7.9)	6,112 (9.3)	9,026 (13.4)	6,081 (9.1)	18.6
Delivery with other complications	2,922 (4.5)	3,687 (5.6)	4,503 (6.7)	5,143 (7.7)	76.0
Other symptoms	4,082 (6.3)	3,777 (5.8)	4,220 (6.2)	4,308 (6.4)	5.5

Source: Zimbabwe, Ministry of Health.

Note: Percentages are in parentheses. These percentages are with respect to the principal factors of morbidity recorded in this table only.

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Table 11.09: ZIMBABWE - BEDS PROVIDED BY FACILITIES OF MOH, 1979

	Population mid 1979	Number of Beds			
		General	Maternity	Total	per 1000
Manicaland	1,073,896	1,849	133	1,982	1.84
Mashonaland	2,627,036	4,342	468	4,810	1.83
Matabeleland	1,357,956	3,259	270	3,529	2.60
Midlands	1,042,296	1,306	205	2,168	2.08
Victoria	1,028,816	1,670	135	1,805	1.75
Zimbabwe	7,130,000	12,426 /a	1,211/a	14,294/a	2.00

a/. excluding beds closed due to the war in Government hospitals.

. excluding about 1,400 beds in Industrial hospitals.

. excluding about 800 beds in local authority health service.

. including beds closed due to the war in mission hospitals.

Source: Ministry of Health

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Table 11.10: ZIMBABWE - AVERAGE COST AND SUBSIDIES IN VARIOUS HOSPITALS, a/ (1979)

Hospitals	Total Expenditure $	Total Patient Units	Cost per Unit $	Total Earnings $	Charges per Unit $	Deficit = Subsidies $
Central:						
Andrew Fleming	8,736,103	201,179	43.42	2,440,505	12.13	31.29
Harare	6,986,939	416,470	16.78	418,618	1.01	15.77
Bulawayo	2,595,178	90,800	28.58	965,151	10.63	17.95
Mpilo	4,804,286	430,104	15.01	331,120	1.03	13.98
District:						
Banket	104,678	25,668	4.08	13,796	.54	3.54
Belingwe	44,293	19,805	2.24	6,253	.32	1.92
Beitbridge	55,956	9,175	6.10	12,309	1.34	4.76
Mrewa	73,652	30,378	2.42	19,976	.66	1.76
Plumtree	115,972	18,831	6.16	13,760	.73	5.43
Umvuma	119,599	24.891	4.80	9,944	.40	4.40
Shabani	316,623	42,883	7.38	29,490	.69	6.69
Rural:						
Lukosi	22,888	21,156	.92	8,726	.35	.57
Special:						
Ingutsheni	1,752,251	275,978	6.35	49,465	.18	6.17
General:						
Sinoia	465,260	48,528	9.55	43,328	.89	8.67

a/ Excluding overhead costs, i.e., H.Q. administration.

Source: Ministry of Health

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Table 11.11: ANNUAL ESTIMATES OF CURRENT EXPENDITURE ON HEALTH

(Z$ '000)

Budget Item	1974-75		1975-76		1976-77		1977-78		1978-79		1979-80		1980-81	
	Z$	%	Z$	%	Z$	%	Z$	%	Z$	%	Z$	%	Z$	%
Administration and general	1,104	3.8	1,106	3.6	1,614	4.5	1,501	3.7	1,449	3.2	2,113	3.9	2,525	30.2
Medical care and services	24,911	86.3	26,286	85.3	30,388	85.0	34,616	86.2	39,749	86.7	47,003	86.7	74,906	89.5
of which: Salisbury group of hospitals	(9,316)	(32.3)	(8,415)	(27.3)	(9,420)	(26.4)	(11,461)	(28.7)	(13,605)	(29.7)	(19,205)	(40.8)	(24,317)	(32.5)
Preventive services	2,515	8.7	3,007	9.8	3,304	9.2	3,692	9.1	4,090	9.0	4,522	8.3	5,598	6.7
Research	340	1.2	410	1.3	463	1.3	428	1.0	542	1.1	538	1.0	700	8.4
Total	28,070	100.0	30,809	100.0	35,769	100.0	40,237	100.0	45,829	100.0	54,226	100.0	83,729	100.0
Government budget (in million Z$)	397.9		438.7		531.8		673.7		802.4		873.6		1,145.1	
% on health services	7.1		7.0		4.3		6.0		5.7		6.2		7.3	

Source: Zimbabwe, Estimates of expenditure for years ending 1974-1981, Government Printer, Salisbury, 1973-1981.
Zimbabwe, A Guide to Zimbabwe, Edinburgh, August 1980.

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Table 11.12: ZIMBABWE - NUMBER OF NEW LOW COST HOUSES

Year	Seven Main Centers	Other Centers	Total
1970-71	35,000	500	4,000
1971-72	72,000	600	7,800
1972-73	9,400	700	10,100
1973-74	2,400	1,700	4,100
1974-75	9,600	1,100	10,700
1975-76	10,600	900	11,500
1976-77	10,200	1,000	11,200
1977-78	10,400	1,200	11,600
1978-1980/a	21,000	2,600	23,600
Total	84,300	10,300	94,600

Of the total stock of low income housing built by 1978 in Zimbabwe, more than 96% had been produced by local authorities. The remainder was tied to housing, contributed by the central government, as well as by the private sector (primarily for employees).

a/Estimates

Source: Ministry of Local Government and Housing.

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Table 11.13: ZIMBABWE - LOW INCOME HOUSING STOCK, 1978-80

Town	Local Author. Home Ownership Schemes 1978	Local Author. Home Ownership Schemes 1980	Local Auth. Leased and Rented Housing 1978	Housing Prov. by Govt., Employers + Developers 1978	Total Housing Stock 1978	Total Housing Stock 1980	Estimated /a Housing Backlog May '79	Estimated /a Housing Backlog Jun. 80
Salisbury /b	7971	22,033	47,388	1,202	56,561	76,3657	18,900	18,300
Bulawayo	12,434	20,800	22,393	2,370	37,197	44,000	8,000	10,000
Gwelo	341	2,140	9,361	181	9,883	12,089	2,000	4,000
Umtali	24	195	9,085	546	9,655	6,473	1,300	2,500
Que Que	189	4.449	5.168	70	5,427	6,684	1,680	5,300
Gatooma	67	500	4,119	60	4,246	6,040	720	600
Sinoia	8	9	1,936	240	2,184	3,000	500	-
Fort Victoria	33	43	2,013	154	2,200	3,106	870	2,000
Marandellas	29	300	2,110	114	2,253	2,333	180	200
Shabani	3	-	1,059	15	1,077	1,200	300	500
Hartley	-	174	-	-	-	2,666	-	600
Redcliff	-	350	-	-	-	572	-	450
Bindura	-	-	-	-	-	1,360	-	350
TOTAL	21,099 /c	50,993 /d	104,632	4,952	130,683	165,890	34,450	44,800

a/ Based on qualified applicants on the waiting list.
b/ Including Chitungwisa.
c/ Percent of Housing Stock - 16.1
d/ Percent of Housing Stock - 30.7

Source: Ministry of Local Government and Housing

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