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SPECIAL ECONOMIC AND DISASTER RELIEF ASSISTANCE

SECURITY COUNCIL  
Thirty-fifth year

Assistance to Zambia

Report of the Secretary-General

1. In its resolution 34/128 of 14 December 1979, the General Assembly requested the Secretary-General, inter alia, to continue his efforts to mobilize the necessary resources for an effective programme of financial, technical and material assistance to Zambia, to keep the situation in Zambia under constant review and to submit a report on the progress achieved in time for the matter to be considered by the Assembly at its thirty-fifth session.

2. In its resolution 460 (1979), adopted on 21 December 1979, the Security Council, in paragraph 5, called upon all States Members of the United Nations and the specialized agencies to provide urgent assistance to Southern Rhodesia 1/ and the front-line States for reconstruction purposes and to facilitate the repatriation of all refugees or displaced persons to Southern Rhodesia. Further, in paragraph 8, the Security Council requested the Secretary-General to assist in the implementation of paragraph 5 by organizing, with immediate effect, all forms of financial, technical and material assistance to the States concerned in order to enable them to overcome the economic and social difficulties facing them.

3. In pursuance of these resolutions, the Secretary-General arranged for a mission to visit Zambia in February 1980 to consult with the Government. The report of the mission, which is annexed hereto, summarizes the economic and financial position of the country, stresses the major transport and food problems facing the country, provides a list of the Government's requirements in transport and telecommunications, and for agricultural and other reconstruction, and reports on the implementation of the special economic assistance programme.

\* A/35/50.

1/ Southern Rhodesia acceded to independence at midnight, 17 April 1980, as the Republic of Zimbabwe.

4. In paragraph 10 of resolution 34/128, the General Assembly invited a number of specialized agencies and other organizations of the United Nations system to bring to the attention of their governing bodies, for their consideration, the assistance they were rendering to Zambia and to report the results of that assistance and their decisions to the Secretary-General in time for consideration by the Assembly at its thirty-fifth session. The responses of the agencies and organizations will be reproduced in a report of the Secretary-General covering Zambia and other countries for which the General Assembly has requested the Secretary-General to organize special economic assistance programmes.

Annex

Report of the review mission to Zambia

(17 to 23 February 1980)

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Map showing existing internal paved roads and railways.

## I. INTRODUCTION

1. Previous reports of the Secretary-General on assistance to Zambia (A/34/407, A/33/343 and E/1978/114/Rev.1) listed various resolutions adopted by the Security Council, the General Assembly and the Economic and Social Council, and the reports on assistance to Zambia submitted to them by the Secretary-General.
2. On 14 December 1979, the General Assembly adopted resolution 34/128 on assistance to Zambia. In that resolution the General Assembly called upon the international community to provide financial, material and technical assistance to Zambia and requested the Secretary-General to arrange for a review of the situation in Zambia and the progress made in organizing and implementing the special economic assistance programme for that country in time for the matter to be considered by the Assembly at its thirty-fifth session.
3. Following the successful outcome of the Lancaster House Conference in producing agreement on a constitution for a free and independent Zimbabwe, and on arrangements for a ceasefire, the Security Council, at its 2181st meeting on 21 December 1979, adopted resolution 460 (1979). In paragraph 5 of that resolution, the Security Council called upon Member States and the specialized agencies to provide urgent assistance to Southern Rhodesia and the front-line States for reconstruction purposes and to facilitate the repatriation of all refugees or displaced persons to Southern Rhodesia. In paragraph 8, the Secretary-General was requested to assist in organizing financial, technical and material assistance to the States concerned.
4. In response to General Assembly resolution 34/128 and Security Council resolution 460 (1979), the Secretary-General arranged for a Mission to visit Zambia from 17 to 23 February 1980 to consult with the Government on the economic situation, the progress made in implementing the special economic assistance programme and the needs for rehabilitation and reconstruction. The Mission was led by the Joint Co-ordinator of Special Economic Assistance Programmes in the Office for Special Political Questions and included representatives of the Food and Agriculture Organization of the United Nations, the United Nations Conference on Trade and Development, and the Department of Technical Co-operation for Development.
5. The Head of the Mission was received by the President of the Republic of Zambia, His Excellency Dr. Kenneth D. Kaunda, who described the progress which had been made in implementing the economic stabilization programme during 1978 and 1979 and outlined the urgent requirements for reconstruction assistance.
6. The Mission met with the Minister of Transport and Communications who described the serious transport situation facing Zambia and the needs for reconstruction assistance in the transport and communications sector.
7. The Government of Zambia had prepared a number of background papers to facilitate the work of the Mission. These papers dealt with government finances, the balance of payments, economic and monetary developments during 1979, food

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requirements, and the requirements for rehabilitation and reconstruction following the settlement of the Southern Rhodesia problem.

8. Throughout its stay in Zambia, the Mission met regularly with a Committee of Senior Officials chaired by the Deputy Secretary of the Cabinet. The Committee included representatives of the Bank of Zambia, the Ministry of Finance and Technical Co-operation, the Ministry of Transport and Communications, the Ministry of Agriculture, the National Planning Commission, the Ministry of Home Affairs, and the Contingency Planning Secretariat. Members of the Mission also met with senior officials from the National Agricultural Marketing Board (NAMBOARD), Zambia Railways, Zambia Airways and Zambia/Tanzania Road Services. During these meetings the reconstruction requirements and various aspects of the economic and financial situation were thoroughly discussed. The Mission also met with resident members of the diplomatic community in Lusaka to give them a preliminary briefing on its findings.

9. The Mission wishes to record its appreciation of the assistance it received from the Government of Zambia. The Mission also wishes to acknowledge the assistance it received from the Resident Representative of the United Nations Development Programme (UNDP) and other representatives of the United Nations system in Zambia.

## II. SUMMARY OF PRINCIPAL FINDINGS

10. Zambia has successfully carried out an economic stabilization programme and has succeeded in reducing its arrears of external payment. Furthermore, Zambia's balance-of-payments position has moved from deficit into surplus; the provisional estimate for 1979 shows a surplus of kwacha a/ (K) 37 million.

11. The gross domestic product measured in real terms declined by 5 per cent in 1979 from the previous year's level. The gross domestic product in current values, however, was significantly higher in 1979 largely as a result of higher prices for mineral exports.

12. The Government of Zambia expects an improvement of the economic situation and a larger surplus on the balance of payments in 1980. Moreover, the Government expects almost all its expenses to be covered by revenues and long-term borrowing.

13. Transport continues to be the major problem. The situation has been exacerbated by the destruction of 11 bridges (see map at end of report). As a result, large backlogs of exports and imports have accumulated. Since it will take some time to repair the damage, transport is likely to remain a serious constraint in the near future.

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a/ The national unit of currency is the kwacha. Conversions to United States dollars in this report have been made at the rate of 1 kwacha = \$1.27.

14. Zambia faced a severe maize shortage in 1979 as a result of drought and delays in the arrival of fertilizers. The Government had to import large quantities for which additional external financial assistance is required. These large imports will further strain the available transport capacity.
15. The outlook for the 1980 crop is unfavourable, and, at the time of the Mission's visit, it was estimated that about 209,000 tonnes of maize would have to be imported. All of it will require external financing.
16. Zambia will have to undertake major reconstruction and rehabilitation programmes to take advantage of the new circumstances and to recover from the losses of recent years. In total, approximately K 295 million will be required.
17. In the transport sector, assistance totalling K 267,493,000 will be needed. Of this amount, about K 94 million will be required to rehabilitate Zambia's railway system, approximately K 34 million to meet the requirements for road transport, and more than K 140 million to meet the requirements for air transport.
18. Investments in telecommunications are estimated to cost about K 1.7 million.
19. More than K 26 million will be needed to rehabilitate the border areas.
20. The Government has signed a number of international assistance agreements in 1979. These amount to about \$US 232.6 million, of which about 29 per cent was in the form of grants.

### III. THE ECONOMIC SITUATION

#### A. General

21. Previous reports of the Secretary-General (A/34/407, A/33/343, and E/1978/114/Rev.1) described in some detail the development of the serious economic and financial situation in Zambia. In summary, since 1973, the year in which the border with Southern Rhodesia was closed, the gross domestic product, in real terms, has shown virtually no growth. Indeed, there were actual declines in 1973, 1975, 1977 and 1979. Over the same period the Government's financial position deteriorated sharply, the over-all accumulated deficit totalled K 1,300 million for the period from 1973 to 1979. Even more serious was the weakness of Zambia's external position. The over-all foreign balance became highly unfavourable and the accumulated deficit on external account amounted to more than K 900 million for the period from 1973 to 1979. Substantial arrears in payment accumulated, particularly after 1975.
22. The major factor responsible for the development of the economic and financial crisis was the application of mandatory sanctions against Southern Rhodesia which not only resulted in massive direct cost but also seriously disrupted Zambia's normal development programme. Further, the price of copper, Zambia's major export, remained low for most of the period and the transport

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system proved unable to carry Zambia's imports and exports. As a non-oil producing developing country Zambia was faced with a higher import bill as a result of the increased oil prices, and incurred sharply higher transport cost for both imports and exports. In addition, heavy losses and damage resulted from armed attacks by the illegal régime in Southern Rhodesia.

23. During 1978 and 1979 Zambia successfully implemented a major economic stabilization programme. This programme resulted in a significant improvement in the financial position of the Government and in Zambia's external payments position. It involved strict control of the level of imports and a slower growth of government expenditures. Although the programme improved the financial position of the Government it had a depressing effect on economic development in the short run.

24. The real gross domestic product is estimated to have declined by 5 per cent in 1979 from 1978. Capacity utilization remained low in a number of major industries as a consequence of the shortage of imported spare parts and required raw materials arising from the scarcity of foreign exchange and the transportation bottle-necks.

25. Mineral output declined in 1979 as compared with 1978; the volume of copper production, at about 585,000 tonnes, was some 12 per cent lower. During 1979, however, there was a substantial improvement in the price of Zambia's major mineral exports. The price of copper increased from \$1,440 per tonne in December 1978 to over \$2,000 per tonne in March 1979. Cobalt prices increased by three-and-a-half times, making cobalt a major contributor to foreign exchange earnings and to the improvement in the profit position of the mining industry. The price of lead increased to record levels. As a consequence, the value of output of the mining sector in current prices increased by nearly 40 per cent.

26. The value of industrial production in real terms increased by 9 per cent in 1979. On the other hand, the agricultural sector did not have a successful year and it is estimated that total output declined by 9 per cent in real terms. This decline resulted almost entirely from the very poor maize harvest caused by the partial failure of the rains during the 1978/79 growing season and the shortage of fertilizer caused by transport problems. As a consequence, maize production was less than 50 per cent of domestic requirements and a large volume of maize had to be imported. Wheat production was also slightly lower in 1979. However, the situation with respect to other crops showed significant improvements: cotton production almost doubled, the output of tobacco increased by nearly 25 per cent and the sunflower seed crop was 50 per cent higher than in the previous year.

27. Performance in the other sectors in the economy was varied. In the construction industry, which was seriously affected by reduced capital expenditures, value of output fell by 19 per cent. As a result of marginally higher imports and increased supplies from domestic industries, the volume of wholesale and retail trade increased slightly. Transport continued to be a major constraint on the country's economic activities.

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#### B. Government finances

28. One of the major problems facing the Government of Zambia in recent years has been the internal imbalances created by large government deficits. In 1979, the Government continued to implement a policy of relating expenditures strictly to the level of revenue and agreed financing. This enabled the Government to honour all of its commitments while still maintaining the high level of fiscal management and discipline achieved in 1978.

29. Government revenues in 1979 amounted to K 615 million, about 5 per cent above the budget estimates. Receipts from income taxes totalled K 230 million and receipts from customs and excise duties and sales taxes totalled K 300 million. Because of accumulated losses the mining companies made no contribution to government revenues during the year, although they returned to a profit-making situation.

30. Recurrent expenditures for 1979 were strictly controlled by the Government and capital expenditure was held some K 67 million below budget estimates. As a result total government expenditure was only marginally above budget estimates in spite of large unexpected requirements by NAMBOARD for financial assistance. During 1979, NAMBOARD experienced a financial crisis resulting in part from a long-standing divergence between its buying and selling prices and in part from the high cost of imported maize to cover the shortfall in local production. The accumulated losses of NAMBOARD over the previous three years were estimated at about K 93 million, and these had to be covered by advances from the Government. Additional advances were provided to NAMBOARD by the Government on capital account. With the exception of this extraordinary demand, Government's combined recurrent and capital expenditure were well below the budget figures for the year.

31. The Government's accounts for 1979 and the estimates for 1980 are shown in table 1.

#### C. Balance of payments

32. Preliminary estimates indicate a turn around in Zambia's balance-of-payments surpluses being recorded on both current and over-all accounts. Exports were at a record level and amounted to K 1,080 million. Imports of goods rose by 25 per cent to K 625 million, giving a trade surplus of K 455 million. Although a slightly higher volume of goods was imported than in 1978, the volume of imports is still little more than one half of the volume in the early 1970s.

33. Preliminary estimates show that, in 1979, there was a surplus of K 37 million in the balance-of-payments current account, compared to a deficit of K 162 million in 1978.

Table 1  
Government accounts 1979 and 1980

(In million kwachas)

	<u>1979</u> <u>Budget</u>	1979 Actual ( <u>provisional</u> )	<u>1980</u> <u>Budget</u>
Revenue	584.0	615.0	758.0
Recurrent expenditure	641.7	757.0	838.3
Current surplus (deficit)	(57.7)	(142.0)	(80.3)
Capital expenditure	195.4	128.0	191.3
Total expenditure	837.1	885.0	1,029.6
Over-all surplus (deficit)	(253.1)	(270.0)	(271.6)

Source: Government of Zambia.

34. The Government has very successfully carried out a stabilization programme over the past two years. At the end of the programme in March 1980, all scheduled quarterly drawings from the International Monetary Fund had been made on time; these totalled K 325 million. The external resources which were made available allowed Zambia to maintain a minimum level of imports while reducing arrears in external payment by about K 157 million. Arrears amounted to K 360 million at the end of 1979. Taking into account all receipts and payments, the over-all balance of payments for 1979 is expected to show a modest surplus compared with a deficit of K 260 million in 1978.

D. Outlook for 1980

35. In introducing the 1980 budget, the Minister of Finance announced that the country would pursue an economic policy characterized by a cautious and restrained approach in order to further improve the country's financial position. He stated that, in order to reduce the inflationary effect of excessive Government borrowing from the banking system, restraints would continue on public expenditure. Attention would be given to the private sector and the parastatals as means of promoting economic growth, and to improving the transport sector and creating new and productive employment opportunities.

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36. In general, the economic position is expected to improve in 1980. As compared with 1979, the Government is projecting a modest balance-of-payments surplus and a reduced budget deficit. The budget estimates for 1980 are presented in table 2 below.

37. The Minister of Finance stated that the 1980 budget is intended to achieve three objectives: the control of inflation; the stimulation of employment; and, further strengthening of the country's balance of payments and the reduction of arrears in payment. As can be seen from the table the projected over-all budget deficit for 1980 is at the level of the previous year. Most of the deficit will be financed by long-term borrowing from internal and external sources. Only about K 60 million is to be financed by short-term borrowing from the banking system.

Table 2  
Domestic budget: 1979 and 1980

(In million kwachas)

	<u>1979</u> <u>Budget estimate</u>	<u>1979</u> <u>Actual</u>	<u>1980</u> <u>Budget estimate</u>
Recurrent revenue	584.0	615.0	758.0
Recurrent expenditure	641.7	757.0	838.3
Current deficit	(57.7)	(142.0)	(80.3)
Capital expenditure	195.4	128.0	191.3
Over-all deficit	253.1	(270.0)	(271.6)
Financing:			
Internal	41.0	41.0	67.0
External	149.5	141.0	144.6
Net deficit	(62.6)	(88.0)	(60.0)

Source: Government of Zambia.

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38. The Government expects revenues to reach K 758 million, up more than K 140 million from 1979. The introduction of new measures which are intended to discourage consumption of luxury goods and expensive imported merchandise will yield K 27 million. Items affected will be alcoholic beverages, cigarettes, petrol and diesel oil. The Government is forecasting a small but significant amount of revenue from the mining sector, about K 40 million. In view of the moderate improvement in economic conditions and marginally better prospects for revenue collections, the Government is planning to increase the level of capital expenditure. It is proposed to allocate K 191 million for capital expenditure in 1980, compared to actual expenditures of K 128 million in 1979. The increase of recurrent expenditures, about 11 per cent, is mainly due to a wage and salary award to civil servants.

#### IV. SPECIAL FEATURES OF THE SITUATION IN ZAMBIA

39. There are three special features of the situation in Zambia which merit detailed consideration. These are: the transport system; the food situation; and the problem of refugees.

##### A. Transport system

40. As a land-locked country, with a large volume of imports and exports, Zambia depends on a well-functioning transport system. In 1965, when the Government of Southern Rhodesia illegally declared independence, Zambia's imports and exports were carried almost exclusively on the southern rail route. Only a small amount of Zambia's traffic moved through Lobito in Angola over the Benguela Railway. After 1965, with the progressive application of international sanctions against the illegal régime in Southern Rhodesia, and the determined policy of Zambia to redirect its trade to and through other countries in accordance with Security Council resolutions, there was a significant increase in the amount of imports and exports carried by road to Dar es Salaam and by rail to Lobito. In addition, the road/rail route through Mozambique began to be used to a greater extent. In spite of these efforts, about two thirds of Zambia's external trade was still being carried by the southern route when the border between Zambia and Southern Rhodesia was closed in 1973.

41. The closure of the border seriously disrupted the normal trade and development of Zambia. Between 1973 and mid-1975, the rail route via Zaire to Lobito became the most important means of moving Zambia's imports and exports. However, in order to handle all of the traffic, there was increased use of trucking over inadequate road systems to Dar es Salaam, Mombassa and Mozambique, at higher costs. When the Tanzania/Zambia Railway (TAZARA) opened in 1975, coinciding with the closure of the Lobito route, the road and rail routes to Dar es Salaam became the major route for Zambia's imports and exports. By 1977, nearly 1 million tonnes of Zambia's traffic moved to Dar es Salaam on TAZARA and over 300,000 tonnes were hauled by road to and from the port of Dar es Salaam.

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42. For a number of reasons, however, the routes to Dar es Salaam proved unable to handle all the traffic. Because the situation in the port is subject to the smooth functioning of railway and road traffic, the inability to move Zambia's imports and exports caused congestion at the port which itself contributed to inefficiencies in the system and further congestion. The situation became so serious that, in late 1978, Zambia reopened the southern rail route to South African ports. In 1979, this became the major single route for Zambia's imports and exports, although combined road and rail traffic through Dar es Salaam was greater, and amounted to nearly half of Zambia's total trade.

43. Table 3 shows the total volume of traffic over the various routes available to Zambia during the past eight years.

44. It will be noted that Zambia was utilizing a number of routes for imports and exports. These included road haulage to Dar es Salaam, TAZARA, the combined road and rail route through Mozambique, and the southern rail system. None of these systems were operating without restraints. The southern route had only limited capacity because, for part of the year, trains were operating only during daylight hours and only 35 railway wagons were allowed across the border daily in each direction. TAZARA was faced with a serious problem of the lack of available locomotives, and with the disruption of traffic when a large section of the line was affected by flooding. The road haulage system was faced with a shortage of vehicles. All parts of the transport system suffered from a shortage of imported spare parts and foreign exchange.

45. This serious transport situation was exacerbated during 1979 by destruction caused by the forces of the illegal régime in Southern Rhodesia. In April, the ferry at Kazungula was destroyed, effectively cutting the road link through Botswana to the rail head at Francistown. At the same time, Rhodesia Railways introduced a system of daytime only operations, thus reducing by nearly half the traffic carried by rail on the southern route. During October and November, 11 bridges were blown up in Zambia, 2 of which were rail bridges and 9 road bridges. Details of the destruction of bridges were provided in the second interim report of the Security Council Ad Hoc Committee established under resolution 455 (1979) (S/13694). In summary the destruction of the Chambeshi and Lunsenfwa rail bridges seriously disrupted rail traffic to Dar es Salaam. The road bridges over the Chambeshi and Lunsenfwa rivers were also destroyed, closing the road traffic route to Dar es Salaam. Alternate routes through Malawi and Mozambique were also closed. The Chongwe bridge, and two other bridges near Rufunsa were blown up, effectively stopping traffic on the Great East Road. Although the southern rail connexion was not affected by the attacks, three bridges were blown up on the Kafue-Chirundu road, and the Lusaka-Livingstone road was cut when the Kaleya road bridge was destroyed.

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Table 3

Zambia's foreign trade routes

Total imports and exports, 1972-1979

(In thousands of tonnes)

	<u>1972</u>	<u>1973</u>	<u>1974</u>	<u>1975</u>	<u>1976</u>	<u>1977</u>	<u>1978</u>	<u>1979</u>
Lobito/Zaire rail	314	807	947	566	135*	132*	98*	54*
Dar es Salaam road	412	484	590	660	571	337	226	305
Dar es Salaam rail	-	-	-	115	675	937	913	451
Mombasa road	-	113	172	24	34	4	-	-
Mozambique road/rail	46	150	135	235	212	68	104	68
Southern rail	1,331	40	-	-	-	-	136	637
Other (including air)	8	78	62	61	30	65	52	34
<u>Total</u>	<u>2,111</u>	<u>1,672</u>	<u>1,906</u>	<u>1,661</u>	<u>1,657</u>	<u>1,543</u>	<u>1,529</u>	<u>1,549</u>

Source: Government of Zambia.

\* Zaire traffic only after mid-1975 when international traffic ceased on the Benguela railway to Lobito.

46. The Government of Zambia estimated that \$18.7 million would be required to repair and replace the damaged bridges. In its resolution 455 (1979) of 23 November 1979, the Security Council appealed to the international community to assist Zambia to reconstruct its infrastructure. Pledges of international assistance for this purpose are listed in the report of the Security Council Ad Hoc Committee established under resolution 455 (1979) (S/13774 dated 31 January 1980).

47. In addition, the Government of Zambia established a bridge reconstruction fund and appealed to the nation for donations for rebuilding the bridges. The people of Zambia responded to this appeal by donating K 2.3 million.

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48. By the end of 1979, therefore, the only undamaged route for Zambia's imports and exports was the rail link to the south which was also carrying a significant tonnage for Zaire and which only operated during daylight hours. Although arrangements were made to bypass some of the destroyed bridges, and ad hoc methods of handling transit traffic were developed, these involved substantially higher costs and were unable to move the required tonnages. As a result, large backlogs of imports and exports developed. In February 1980, more than 80,000 tonnes of Zambian imports had accumulated in the port at Dar es Salaam; 15,000 tonnes of imports were stranded on the routes through Malawi and Mozambique; and 300,000 tonnes of imports had accumulated in South Africa, Botswana and Southern Rhodesia. Copper and other mineral exports were also stockpiled inside Zambia. It will take some time to increase the capacity of existing routes and repair all the damages. Transport, therefore, is likely to remain a serious problem during 1980. The requirements in the transport sector are discussed in detail below.

#### B. Food situation

49. Zambia was self-sufficient in maize in 1976, and one year later was able to export surplus maize to neighbouring countries. However, in 1978/79, an extremely poor maize harvest caused by the partial failure of rains and the late arrival of fertilizers necessitated large imports of maize to meet domestic requirements. The marketed maize production for 1978/79 was only 3.5 million bags, or 315,000 metric tonnes, compared with 6.5 million bags (585,000 tonnes) in 1977/78.

50. Fortunately, loans and grants from a number of countries for food purchases enabled Zambia to meet most of the shortfall in production. Most of the maize covered by agreements negotiated in early 1979 was delivered on time. Generally, the quality was acceptable, except for about 2,000 tonnes of a World Food Programme shipment which reached Zambia in extremely bad condition as a result of long and inadequate storage at the port of Dar es Salaam.

##### 1. Maize-stock situation

51. Domestic maize stocks as at 19 February 1980 were estimated by NAMBOARD at 117,000 tonnes. Considering Zambia's monthly consumption of about 54,000 tonnes, domestic stocks would meet only a little more than two months' consumption needs. Before the new harvest (1979/80) becomes available to the consumer about 1 July, the Government will have to import about 150,000 tonnes of maize. Although it is known that this quantity is available for early delivery, transport will be a major problem. Financing has not been secured for all the maize available, and additional international assistance is required for this purpose. Table 4 shows the estimated maize position for the period ending July 1980.

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2. Maize production: 1979/80 crop

52. During the 1979/80 planting season, the rainfall was plentiful throughout the country and the Government expected a good harvest. However, in the early months of 1980, rain occurred only moderately in the eastern and northern provinces and virtually no rain fell in the rest of the country.

53. The most recent projection of the forthcoming harvest commencing in July 1980, provided by the Ministry of Agriculture, indicates that production may amount to only 5.5 million bags or 495,000 tonnes. The Government estimates consumption at about 704,000 tonnes. This projected consumption figure makes provision for an annual increase in consumption of 7 per cent and assumes losses of 5 per cent in storage and transit. Based on this projection, Zambia will need to import about 209,000 tonnes of maize in 1980. The final harvest will depend on rains during March and April. The mission was informed that the Government would make a revised crop forecast available to potential donors.



Table 4  
Maize sales and stocks for the period ending July 1980  
(In thousands of tonnes)

	<u>Aug. 79</u>	<u>Sept.</u>	<u>Oct.</u>	<u>Nov.</u>	<u>Dec.</u>	<u>Jan. 80</u>	<u>Feb.</u>	<u>March</u>	<u>April</u>	<u>May</u>	<u>June</u>	<u>July</u>
Opening stock	142.8	243.9	286.2	267.2	252.6	206.8	161.5	106.7	127.0	148.2	106.6	63.4
Purchases												
Imports	141.2	95.1	23.8	33.8	.1	-	-	72.0 2/	72.0 2/	-	-	150.0 3/
Subtotal	284.0	339.0	310.0	301.0	252.7	206.8	161.5	178.7	199.0	148.2	106.6	213.4
Consumption	40.1	52.8	42.8	48.4	45.9	45.3 1/	54.8	51.7	50.8	41.6	43.2	52.7
Closing balance	243.9	286.2	267.2	252.6	206.8	161.5	106.7	127.0	148.2	106.6	63.4	160.7

Source: National Agricultural Marketing Board of Zambia.

Assumptions:

- 1/ Beginning in January 1980, projected consumption is 7 per cent above monthly consumption for previous year.
- 2/ Delivery expected of agreements signed in 1979.
- 3/ Purchases of own production from new harvest.

### 3. Special food measures

54. The Government is concerned about the periodic shortfalls in maize production. Consideration is being given to installing an early-warning system and a food security programme. This programme, which was drawn up by an FAO/WFP mission, calls for a reserve of at least 1 million bags, the construction of improved silos throughout the country, and, in view of the serious internal transport problem, a better maize delivery system.

55. Furthermore, the Government will give priority to importing fertilizers so that farmers will receive fertilizers on time, thus leading to an increase of acreage under cultivation. In addition to the measures mentioned above, the Government has recently announced an increase in the producer price as an incentive for farmers in the subsistence sector to sell maize to the local marketing agencies.

56. In view of Zambia's serious shortage of foreign exchange, the need for food assistance from the international community is clear.

### C. Refugees

57. During 1979, the number of refugees in Zambia continued to rise and by early 1980 more than 45,000 Zimbabwean refugees, mainly children and women, were in camps. In addition, Zambia also provided refuge for Namibians and South Africans.

58. Following the cease-fire in Southern Rhodesia, a major repatriation exercise was initiated in co-operation with the United Nations High Commissioner for Refugees (UNHCR). Under the procedures laid down in the Lancaster House Agreement, 4,292 Zimbabwean refugees were repatriated during the first phase of this exercise which ended by 24 February. A number of refugees appear to have returned on their own. At the time of the mission's visit in February 1980, there were about 40,000 refugees left in camps awaiting repatriation. The second phase of the repatriation programme was expected to begin in March. A rehabilitation and resettlement programme will be necessary, and new schools and clinics will have to be constructed for the refugees on their return.

59. Even though most Zimbabwean refugees are expected to be repatriated in the near future some will remain in Zambia for reasons of health or education. There will thus be a continuing need for international assistance for these Zimbabwean refugees as well as for the refugees from South Africa and Namibia.

### V. NEEDS FOR RECONSTRUCTION AND REHABILITATION

60. The independence of Zimbabwe and the re-establishment of normal relations in the region open up new opportunities for Zambia to pursue a normal development programme. For nearly 15 years since Southern Rhodesia illegally declared itself independent in 1965, Zambia's economic development has been severely distorted.

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In addition, the country suffered heavy losses from the observance of United Nations economic sanctions and sustained substantial damages from attacks by the forces of the illegal régime. Zambia will have to undertake major reconstruction and rehabilitation programmes to take advantage of the new circumstances and to recover from the losses of recent years. In total, some K 295 will be required. The major reconstruction and rehabilitation needs relate to the transport system, communications, and the reconstruction and rehabilitation of the border regions.

#### A. Transport

61. The most immediate requirement for reconstruction assistance arises in the transport sector. Prior to 1965, Southern Rhodesia had been a major trading partner for Zambia. With the establishment of normal relations with Zimbabwe, the volume of both cargo and passenger traffic can be expected to increase considerably. This will necessarily involve substantial improvement and expansion of Zambia's whole transport system.

##### 1. Railways

62. There are two independently operated and managed railway systems in Zambia. Zambia Railways operates between the southern border and the border of Zaire, and serves the copper-belt region. The Tanzania/Zambia Railway (TAZARA) connects with Zambia Railways at Kapiri Mposhi and extends to the port of Dar es Salaam in the United Republic of Tanzania.

##### (a) Zambia Railways

63. The cargo traffic on Zambia Railways has averaged about 5 million tonnes annually in recent years, made up of 3 million tonnes of local traffic, 1.4 million tonnes of exports and imports, and 0.6 million tonnes of transit traffic for Zaire. More than 50 per cent of the local traffic and almost all the export traffic results from the mining and refining of copper.

64. The locomotive fleet of Zambia Railways is made up of 64 mainline locomotives and 12 shunters which are also used on mainline services. In addition, Zambia Railways has obtained 10 locomotives for shunting and six for mainline operation on a rental basis. On average, only 48 locomotives, about 63 per cent of the fleet, are available for service, as a number of locomotives have been damaged and there is a chronic shortage of spare parts which have to be imported. In addition to the above-noted fleet, Zambia Railways has 15 low-powered diesel-hydraulic shunting locomotives for yard service and track maintenance but only two units are presently operating.

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65. The wagon fleet consists of 8,000 wagons of which 2,000 are foreign-owned. With the exception of 100 wagons which have been badly damaged in derailments and 150 wagons which are out of service and awaiting spare parts, most of the wagons are considered to be in good condition. In addition to the above wagon fleet, there are still about 500 wagons remaining in Angola where they were stranded when the Angola-Zaire border was closed in 1975. Although these wagons are now being returned to Zambia, many will require major repairs before they can be put into service.

66. In order to handle its passenger traffic, Zambia Railways has 93 coaches and 17 rail cars in operation, most of which have only recently been purchased.

67. In order to carry the expected future traffic, major operating improvements will be necessary. After two years of negotiations, Zambia has now concluded an agreement for an extensive project to improve its railway system. The total project is estimated to cost K 144.6 million. It will be financed by a consortium organized by the World Bank which is providing the major part of the loan. The project will provide for the following:

- (a) Renewing 112 kilometres of track;
- (b) Improving the telecommunications system;
- (c) Purchasing 40 locomotives and 1,000 wagons, including spare parts;
- (d) Improving maintenance facilities;

(e) Advisory services at senior and middle management levels and training at all levels to reduce the dependence of Zambia Railways on expatriate managerial and technical personnel.

68. Despite the assistance under this World Bank project, Zambia Railways will still require the following additional locomotives and wagons to cope with the increased traffic:

	<u>Cost</u> (in thousands of kwachas)
(a) <u>Locomotives</u>	
12 locomotives, plus spare parts . . . . .	12,000

Cost  
 (in thousands  
 of kwachas)

(b) Locomotive and wagon workshops

Renovation and upgrading of locomotive, carriage and wagon workshops at Livingstone . . . . .	1,000
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(c) Wagon fleet

Purchase of 300 container flats . . . . .	4,000
Purchase of 800 high-sided wagons . . . . .	32,000
Purchase of 42 passenger coaches . . . . .	14,700
	63,700
	63,700

(b) Tanzania/ Zambia Railway

69. Tanzania/Zambia Railway is jointly owned by the Government of Zambia and by the United Republic of Tanzania. The Railway extends some 1,860 kilometres, of which 880 kilometres are in Zambia. The service began operation in October 1975, and its construction and equipment were financed by a loan from the People's Republic of China.

70. The Tanzania/Zambia Railway has a fleet of 85 locomotives and 1,818 wagons. As a result of operational problems with the locomotive fleet, difficulties in ensuring adequate maintenance and spare parts, and landslides which occurred after heavy rains in an area of volcanic soils between Limba and Makumbako, the levels of traffic have declined during the past two years and have been well below the planned targets. In late 1979 and early 1980, traffic levels were further reduced by the destruction of rail bridges.

71. Table 5 provides statistics on the Railway's performance in recent years.

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Table 5  
Performance of the Tanzania/Zambia Railway, 1976-1979

(in thousands of tonnes)

	<u>1976/77</u>	<u>1977/78</u>	<u>1978/79</u>	<u>1979/80</u>
Line capacity	2,000	2,000	2,000	2,000
Planned targets	1,400	1,600	1,400	1,060
Actual haulage	1,135	1,273	756	n.a.
Shortfall on the planned targets	29%	21%	46%	n.a.

72. The main reasons for the poor performance of the Tanzania/Zambia Railway have been the low availability of motive power and the long wagon turnaround time. Only 34 main line locomotives out of a fleet of 85 are in service. Lack of foreign exchange for the purchase of spares, frequent failure of locomotives, and the shortage of skilled manpower for maintenance and operations have all contributed to the low availability of motive power.

73. Recently, arrangements have been made with financial assistance from the Federal Republic of Germany to refit four locomotives with new engines on a trial basis. If the project proves to be successful, it is planned to refit 40 diesel hydraulic locomotives. This exercise will be a lengthy process and it will be therefore necessary to provide additional motive power by purchasing new locomotives.

74. Initially, wagon turnaround time between Dar es Salaam and Kapiri Mposhi was calculated at 10 days and, in the early years of operation, turnaround times were fairly close to this target. However, the actual turnaround time has lengthened in the past two years and averaged 24.4 days in 1979 compared to 11.4 days in 1977. This has been an important factor in reducing the total tonnage carried on the Tanzania/Zambia Railway.

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75. In order to enable the Tanzania/Zambia Railway to carry its estimated capacity of 1 million tonnes annually in each direction, the following investments are required:

	<u>Cost</u> (In thousands of kwachas)
(a) <u>Permanent way</u>	
Investigations of causes of landslides which undermined the track on the Mlimba to Makumbako section . . . . .	1,500
(b) <u>Locomotives</u>	
Re-powering and refitting 40 locomotives . . . .	8,207
25 new 2,000 HP diesel-hydraulic locomotives . .	14,000
(c) <u>Wagon fleet</u>	
Purchase of 120 new wagons . . . . .	5,346
(d) <u>Equipment and machinery</u>	
1 Tamping machine . . . . .	286
3 Railway cranes . . . . .	643
1 Wheel lathe . . . . .	76
	<u>30,058</u>

## 2. Roads and road transport

76. Zambia's total vehicle fleet amounts to 160,000 of which about 18,000 are lorries used for the transport of goods. About 40 per cent of the trucks are operated by Contract Haulage, a subsidiary of the National Transport Corporation owned by the Government of Zambia, and Zambia-Tanzania Road Service jointly owned by the Governments of Zambia and the United Republic of Tanzania. Contract Haulage operates on the Mozambique and southern routes, and Zambia-Tanzania Road Service on the Dar es Salaam route. United Bus Company, another subsidiary of the National Transport Corporation, operates passenger bus services and taxi traffic.

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With the advent of normal travel and traffic in the region, the demand for road transport is expected to increase. In addition, until the rail routes are improved, it is expected that road haulage between Zambia and Zimbabwe will be heavily used for the import of maize, fertilizer and other essential inputs.

(a) Zambia-Tanzania Road Services

77. With the commencement of operations by the Tanzania/Zambia Railway, it was hoped that road services to Dar es Salaam would be reduced. However, the difficulties experienced on the Railway made it necessary to continue to handle significant volumes of imports and exports by road. The performance of the Zambia-Tanzania Road Service to date has been hampered by an inadequate vehicle fleet and poor maintenance. In order to modernize its fleet and to handle road traffic complementary to the Tanzania/Zambia Railway, the Zambia-Tanzania Road Service embarked on a programme for the acquisition of new vehicles and the improvement of existing workshops in Kitwe and Dar es Salaam.

78. Table 6 below illustrates the vehicle fleet of the Zambia-Tanzania Road Service and traffic carried over the past years as well as the outlook for the immediate future.

Table 6

<u>Vehicle fleet</u> (Units)	<u>1978/79</u>	<u>1979/80</u>	<u>1980/81</u>
Vehicle	478	475	500
Additions	236	98	75
Total	714	573	575
Write-offs	239	73	75
Balance	475	500	500
Effective availability	416	372	375

Traffic forecast (in thousands of tonnes)

Exports	202	181	182
Imports	187	167	169

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79. As can be seen from table 6 Zambia-Tanzania Road Service has projected only a moderate increase in additional tonnage carried. However, with the restrictions on the capacities on various railroads, it is now estimated that higher tonnages of exports and imports will need to be trucked for at least the next two years. This will necessitate substantial investments in the Zambia-Tanzania Road Service, which, in any event, requires a programme of modernization to handle its normal traffic.

80. The investment programme for the Zambia-Tanzania Road Service is as follows:

	<u>Cost</u> (in thousands of kwachas)
<u>Replacements of trucks and trailers</u>	
Purchase of 75 trucks . . . . .	3,450
Purchase of 20 trailers . . . . .	440
<u>Improvement of workshops in</u>	
Kitwe . . . . .	50
Dar es Salaam . . . . .	50
Subtotal	<u>3,990</u>

(b) Contract Haulage Ltd.

81. Contract Haulage played an important role in the early rerouting of Zambia's imports and exports via Dar es Salaam but, in recent years, has operated mainly on the routes to Mozambique ports. However, it was also used for emergency operations when the road and rail bridges were destroyed in late 1979. The company was organized under emergency conditions and, since its inception, has had to face problems arising from a lack of standardization, the use of unsuitable vehicles, and inadequate repair and maintenance facilities. For the past three years, the lack of spare parts has seriously affected the operation of the fleet of lorries. The company now has some 400 vehicles operating of which 104 are tankers. Its total fleet amounts to nearly 700 trucks and tankers.

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82. Contract haulage has been assigned to handle cargo traffic from the south, particularly maize and fertilizer from Lions Den and Wankie. In 1979 Contract Haulage handled 343,000 tonnes and it is estimated that nearly double this tonnage will be handled in 1980. The Federal Republic of Germany is providing technical assistance for the workshops and agreement has been reached for a programme to train mechanics.

83. The additional requirements for the rehabilitation of Contract Haulage are as follows:

	<u>Cost</u> (in thousands of kwachas)
<u>Mechanical horses</u>	
Purchase of 18 units (235 HP) . . . . .	10,000
Purchase of 50 heavyduty units (320 HP) . . . . .	3,500
<u>Trailers</u>	
210 dropside trailers/draw bar . . . . .	7,350
70 road tanker semi-trailers/draw bar . . . . .	4,200
Subtotal	<u>25,850</u>

(c) United Bus Company of Zambia

84. The United Bus Company accounts for about half of the total passenger traffic in Zambia. Bus operations are hampered by a lack of workshops, a shortage of skilled labour and the scarcity of essential spare parts. The company needs to purchase new coaches and to improve its workshop facilities at various centres in the country in order to carry the expected traffic. Assistance required is as follows:

	<u>Cost</u> (in thousands of kwachas)
<u>Coaches</u>	
Purchase of 10 passenger coaches . . . . .	960
<u>Workshops</u>	
Establishing new and strengthening existing workshops . . . . .	2,735
Subtotal	<u>3,695</u>

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3. Air transport

85. Zambia Airways was established in 1967 as a result of the formal dissolution of Central African Airways. In the beginning of its operations for lack of aircraft, equipment and manpower Zambia Airways was unable to mount any regional or international operations. Only after large government investments were made was Zambia Airways able to establish regular regional and international services.

86. The present fleet consists of:

4 Hawker Siddeley 748 aircraft for regional flights;

1 Boeing 737 aircraft for regional flights;

4 Boeing 707 aircraft, of which 2 are cargo carriers and 2 passenger planes, used for intercontinental flights to Europe.

Because of the rising costs of fuel, Zambia Airways has discontinued a number of less profitable flights (to Cyprus, Yugoslavia and Mozambique). Flights to Salisbury, where prior to the unilateral declaration of independence by Southern Rhodesia traffic was rather important, have now commenced.

87. It is considered vital to make a number of large investments to put the airline on a sound operational footing. In addition, in order to cope with the increase in the traffic in southern Africa, to prepare itself for more stringent noise regulations on intercontinental routes, and to meet expanding competition from other airlines, the company requires the following:

<u>Aircraft</u>	<u>Cost</u> (in thousands of kwachas)
Purchase of one wide-body aircraft . . . . .	68,200
Purchase of one Boeing 737 . . . . .	10,100
Purchase of 12 small capacity (20 seater) aircraft for domestic routes . . . . .	14,400
 <u>Technical infrastructure</u>	
Technical infrastructure, servicing facilities and manpower training . . . . .	47,500
Subtotal	<u>140,200</u>

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88. In summary, the additional assistance required for the transport sector alone totals K 267,493,000.

B. Telecommunications

89. With the re-establishment of normal relations, modern telecommunication services between Zimbabwe and Zambia will need to be established.

90. At the present time, existing telecommunication services are inadequate to meet the demand. Service is provided by a combination of groundwire hook-ups, microwave links and satellite ground stations. However, the existing telecommunication systems have been damaged by bombings and raids.

91. A new system is required to meet the expected increase in traffic with Zimbabwe.

	<u>Cost</u> (In thousands of kwachas)
(a) <u>Telecommunication requirements for Zimbabwean traffic</u>	
(i) <u>HF link via Chirundu</u>	
The present open-wire route is very long and vulnerable to lightning, physical damage and noise interference. It is planned to link Zambia and Zimbabwe through a broad band system terminating at Livingstone. Installation would take about 36 months. . . . .	400
(ii) <u>UHF link: Siavonga via Kariba to Karoi</u>	
To provide about 60 channels from Siavonga to Lusaka via the Siavonga-Kariba-Karoi link . . . . .	200
(iii) <u>Improvement of existing telephone switching capacity</u>	
To cater for the expected increase in traffic between the two countries . . . . .	200
(iv) <u>Extension of telex services</u>	
To accommodate increased demand . . . . .	60
(v) <u>Microwave link</u>	
A 120-channel microwave link is planned with a repeater station at Katombola near Livingstone which will also permit an interlink with Botswana . . .	150
Subtotal	1 010
(b) <u>Telecommunication requirements for Mozambique traffic</u>	
(i) <u>UHF links</u>	
To restore communications with Mozambique, a UHF channel link to Kaleto-Tefe area, where railhead facilities exist and through which considerable volumes of Zambia's exports and imports are to be routed in the future, will be needed . . . . .	200
(ii) <u>Microwave links</u>	
A 120-channel microwave link between Lusaka and Chipata is now under construction. A spur is needed to connect with Mozambique . . . . .	150
(c) <u>Improvement of telecommunications with Angola</u>	
A 120-channel UHF is envisaged to link Kalabo to Angola . .	300
(d) <u>Improvements on international routes</u>	
To facilitate satellite communication for access to international routes, Zambia needs to expand its Earth station . . . . .	50
Subtotal	700

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92. In summary, the investment needed to improve communications to take advantage of the opportunity to develop normal relations in the region totals K 1,710,000.

C. Agricultural and other rehabilitation in the border areas

93. Over the past seven years, Zambia's agricultural development has been affected by transport problems, armed attacks and the security situation in the border areas. These factors, together with marketing and distribution problems, have depressed agricultural production in the commercial and traditional sectors. With the return of normal relations with Zimbabwe, it now becomes possible to rehabilitate agriculture and fisheries in the border areas and to implement development projects which had to be postponed because of the security situation. Because the continuous attacks necessitated relocating people in safer areas, communities have been seriously dislocated and there is a need to re-establish more normal economic and social conditions. Water development schemes and livestock disease controls were also disrupted. In addition, a substantial amount of damage was done to buildings and other infrastructure in the border regions. The actual assessment of all damage will take some time as land mines have not been cleared from certain areas and reports of accidental destruction are still being received.

1. Water projects

94. The following four water projects, which are partially financed at an estimated cost of K 23.7 million, were either postponed or disrupted.

(a) Catchment project - Kariba North, Gwembe district

A project to construct a number of dams in the area was approved and was fully covered by assistance from the Netherlands. Due to the security situation, however, the project had to be suspended. The Government wishes to revive it as soon as possible. It is estimated to cost K 5.7 million;

(b) Water supply project - Luangwa district

Proposals for the improvement and rehabilitation of water supplies in the Luangwa district were prepared for negotiations for assistance from the European Economic Community (EEC). Before the agreement was finalized, however, the district came under attack by rebel forces making it impossible to implement the project. Some K 400,000 is required to revive this project;

(c) Water supply project - Chirundu area

Because of the security situation, it was impossible to implement this project in the Chirundu area, although the project document had been prepared

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for negotiations with EEC. The Government now wishes to revive this project which will cost K 600,000;

(d) Water development scheme - Sesheke district

It was intended to carry out an intensive scheme in the Sesheke district under a NORAD technical assistance agreement. The project had to be halted because of continuous raids by rebel forces. The estimated cost of implementing the project is K 17 million.

2. Animal disease control projects

95. Animal disease control used to be of very high standard in Zambia but at the present time, the situation is alarming. Disease control has broken down in the border areas with Zimbabwe, Botswana and Angola. Early in June 1979, an outbreak of foot-and-mouth disease occurred on the banks of the Zambezi river. Curative measures could not be carried out and the infected milk and livestock had to be destroyed. A project to build a cordon fence in Zambia to secure cattle from contagious diseases in the Angola border region was also started. With the deterioration of the security situation, it was not possible to supervise project staff, and the cordon fence project was abandoned. It is difficult to assess the extent to which Bovine Pleuropneumonia has made fresh inroads into Zambia and is threatening the Zambian livestock industry. With the return to normal relations in the region, the Government of Zambia is anxious to obtain international assistance to undertake an over-all assessment of animal health.

96. However, it has been possible to identify some projects for immediate implementation. The outbreak of foot-and-mouth disease along the Zambezi river, which is still spreading, needs to be controlled urgently. Manpower, at various levels, is needed to examine animals and man road blocks. In addition, three officers are required to supervise the road blocks and to vaccinate animals in the area. At least 100,000 doses of foot-and-mouth disease vaccine, as well as automatic syringes and sodium carbonate, are needed. Five land rovers would be required for the vaccination campaign. All told, it is estimated that this campaign will cost K 111,000.

97. In addition, 78,000 head of cattle should be vaccinated in the area from Livingstone to Sesheke. The vaccine for this campaign will cost K 100,000. The total cost of animal disease control projects is K 210,905.

3. Other agricultural projects

98. There has been extensive disruption of two important projects in the Chirundu-Kariba area and, as a result of shelling by rebel forces, buildings, dams, canals, water pumps and machinery have been damaged. Some buildings had to be abandoned, resulting in damage by termites and general deterioration.

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99. Financial assistance amounting to about K 295,000 is urgently required for two projects:

(a) Zambezi Farm Training Institute

The Government estimates that the immediate assistance required to bring this farm training institute back into operation is K 250,000 to repair the buildings and replace furniture;

(b) Chirundu banana scheme

The banana scheme suffered severely from attacks. A new water pump is needed and a motor boat for access to the camps along the Zambezi River needs to be replaced. It will require K 45,000 to make the banana scheme again operational.

4. Repair and replacement of buildings and equipment

100. The Government provided the mission with a list of buildings and vehicles, etc. which had been damaged and the estimated cost of repair and replacement. A particularly urgent need is for 200 hand mine detectors and 20 motorized mine detectors to allow the Government to locate and dispose of mines which are still buried in roads, fields and ditches.

101. The following is an estimate of the cost of repair and replacement of essential buildings and equipment:

	<u>Cost</u> (in kwachas)
Rehabilitation of police and immigration buildings at Chirundu border post . . . . .	600,000
Repair of Chirundu customs post . . . . .	250,000
Repair of police and immigration buildings at Kazungula . . . . .	700,000
Repair of Kazungula and Katima Mulilo custom posts . . . . .	75,000
Replacement of speed boats for police and immigration departments . . . . .	123,000
Replacement of five vehicles for border patrol . . . . .	35,000
Telephone, electricity, water, communications and barriers at customs posts . . . . .	94,000
Subtotal	1,877,000

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102. In summary, the immediate rehabilitation of the severely affected border areas will require the following four projects:

1. Water projects . . . . .	23,700,000
2. Animal disease control projects . . . . .	210,905
3. Other agricultural projects . . . . .	295,000
4. Replacement and repair . . . . .	<u>1,877,000</u>
Total	<u>26,082,905</u>

D. Other rehabilitation and development projects

103. Development in the border region with Zimbabwe has been neglected for a number of years as a result of the security situation. In the new circumstances, the Government of Zambia is anxious to develop the tourist potential all along the Zambezi River. In this connexion, a number of projects have been identified by the Government. No estimates for the costs of these projects are available.

104. A study is needed on establishing guesthouses, improving the road network and building an airfield in order to develop the tourist industry in the Lake Kariba area. In addition, the Government is anxious to re-establish the lake fisheries not only to provide fish for tourist hotels, but also to provide food for the local population and to create employment opportunities. Furthermore, the Government wishes to examine the possible development of islands in Lake Kariba as tourist and recreation resorts. The existing road network will need to be improved substantially in order to develop tourism in the border areas. It will also be necessary to improve the road for the expanded output of cotton in the region.

105. The development of another major tourist area - Luangwa - has been retarded by the security situation. The Government wishes to explore the possibility of establishing a Tourist Training College at Luangwa, and of having a study made on the upgrading of major roads and the provision of flood prevention services in order to extend the tourist season.

106. Another area to which the Government of Zambia gives high priority is expanded trade with Zimbabwe. To that end, a thorough study of possible markets for exports from Zambia to Zimbabwe and imports from the latter will be required.

## VI. PROGRESS IN IMPLEMENTING THE SPECIAL ECONOMIC ASSISTANCE PROGRAMME

107. Over the past two years, Zambia has been facing a severe financial crisis and has been receiving international assistance mainly under two headings. As mentioned earlier in this report, the stabilization programme which had been undertaken with the support of the International Monetary Fund has been successfully carried out with all quarterly drawings finalized. The stabilization programme significantly improved Zambia's over-all economic position and, up to 31 March 1980, a total of K 324.7 million was provided under this programme. In addition, the Government continued to receive assistance for food and fertilizer requirements, for strengthening the transport sector and towards the priorities of the Third Development Plan (1979-1983).

### A. International assistance

108. A list of major bilateral assistance agreements entered into during 1978 was given in the report of the Secretary-General (A/34/407) to the General Assembly at its thirty-fourth session.

109. Table 7 of the present report, provided by the Government of Zambia, shows the major international assistance agreements entered into during 1979.

Table 7

Major international assistance agreements - 1979

<u>Donor/Lender</u>	<u>Type of assistance</u>	<u>Amount</u> (in millions of United States \$)
1. United States of America	(a) fertilizer - grant	20.0
	(b) food - grant	10.0
	(c) food - loan	12.5
	(d) commodity - loan	8.0
2. Iraq	(a) general loan - purpose to be agreed	30.0
	(b) grant - purpose to be agreed	9.0
3. Japan	commodity loan	26.2
4. European Economic Community	(a) cotton development project - grant	2.2
	(b) cotton development project - loan	8.1
	(c) site and service - loan	3.2
	(d) Batoka breeding ranch - loan	2.4
	(e) Npika urban water supply - loan	2.7
	(f) Agricultural multipurpose - loan	2.9
5. Romania	commodity loan	15.0
6. Netherlands	(a) commodity loan	10.6
	(b) commodity loan	2.4
7. India	commodity loan	12.3
8. International Development Association	(a) coffee production project - grant	6.0
	(b) technical assistance credit	5.0
9. Sweden	grant - for development projects	10.8
10. Agricultural Development Fund	water supply and sewage - loan	10.2
11. Africa Development Bank	Maamba collieries - loan	6.4
12. Federal Republic of Germany	(a) food aid - grant	1.3
	(b) commodity assistance - grant	5.0
13. OPEC Special Fund	railway project - loan	4.5
14. Canada	food aid - grant	3.0
15. Norway	emergency food aid - grant	1.9
16. Austria	emergency aid - grant	.2
	Total	<u>232.6</u>

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110. In total, these agreements amounted to \$US 232.6 million, of which \$69.4 million was in the form of grants and \$163.2 million in the form of loans.

B. Assistance for specific development projects

111. While specific areas - such as transportation, communications, and Zambia's heavily affected border areas - call for urgent short-term assistance, the country is also anxious to obtain assistance for longer-term development projects and programmes reflecting the Government's development priorities. These projects, listed in table 8, form part of the country's Third Development Plan (1979-1983).

112. The emphasis which Zambia is giving to rural development and the establishment of industries based on domestic raw materials is clear from table 8. The list of projects also reflects the Government's efforts to spread development throughout the whole country.

Table 8

Urgent development projects requiring financial assistance

Project and assistance required	Status	Estimated total cost a/
		(in thousands of US dollars)
<u>A. Rural development projects</u>		
1. <u>Integrated pig management schemes</u>		
To establish two pig management schemes at Choma and Kabompo to encourage small-scale farmers through extension and co-ordination advice to improve their pig production techniques	Ongoing	500
2. <u>Rural milk production scheme</u>		
To involve 25 additional small-scale dairy farmers each year of the Plan by way of providing them with stock, building materials, basic equipment and extension advice	Ongoing	650
3. <u>Fruit nurseries</u>		
To fully utilize existing facilities for the production and sale of citrus fruit plants by provincial nurseries	Ongoing	500
4. <u>Cashew-nut development</u>		
To establish a viable tree cash-crop in the Western Province to supply the requirements of a cashew-nut processing factory in Mongu	Ongoing	50
5. <u>Provincial pig-breeding schemes</u>		
To establish breeding units at all provincial farm institutes in order to meet the ever-growing demand for breeding stock	Ongoing	650
6. <u>Central Veterinary Research Station</u>		
To complete work already started on the establishment of a Central Veterinary Research Station	Ongoing	930
7. <u>Zambia Cattle Development (Ltd.)</u>		
To assist a parastatal agency for all rural dairies formerly financed exclusively by the Government	Ongoing	18 750
8. <u>Chipata pork-processing plant</u>		
To establish a pork-processing factory in Chipata	Ready for implementation	2 500
9. <u>Zambia Farm Development</u>		
To assist a parastatal agency for farms formerly financed exclusively by the Government	Ready for implementation	5 000

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Table 8 (continued)

Project and assistance required	Status	Estimated total cost
		(in thousands of US dollars)
10. <u>Afe (Ltd.) (Tinkabi Tractor Project)</u>		
To provide for simple low-horsepower tractors suitable for use by small-scale farmers	Ready for implementation	3 750
11. <u>Dairy Produce Board (Dairy Farm expansion)</u>		
To increase stock on the Farm	Ongoing	625
12. <u>Zambia Horticultural Products Ltd.</u>		
To assist the new company (formed in 1978) whose responsibilities cover marketing and processing of horticultural products in establishing:	Ready for implementation	7 500
(a) Mango product and pulping station;		
(b) Banana-ripening plants;		
(c) Depots, cold rooms and other processing facilities.		
13. <u>Lint Company of Zambia</u>		
To assist a newly established company whose responsibilities will cover marketing and processing of cotton to establish storage sheds, purchase vehicles, plants and machinery	Ready for implementation	2 250
14. <u>Beeswax processing</u>		
To establish a beeswax plant at Mwekero	Ready for implementation	105
15. <u>Charcoal production</u>		
To start up large-scale production of charcoal, using sufficiently advanced technology to cater for the ever-increasing demand for charcoal in major towns	Ready for implementation	135
16. <u>NAMBOARD storage programme</u>		
To establish both maize and fertilizer storage facilities in the form of permanent sheds in selected centres in all provinces	Ready for implementation	16 250
17. <u>Additional projects</u>		
Cold Storage Board: Manufacturing industrial glue as a by-product from CSB's abattoir	Ready for implementation	130

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Table 8 (continued)

Project and assistance required	Status	Estimated total cost <u>a/</u>
		(in thousands of US dollars)
18. <u>Irrigation schemes</u>		
To put up pilot medium-size irrigation projects in Districts to demonstrate to peasants irrigation techniques	Feasibility studies being undertaken	9 000
19. Trypanosomiasis and Tsetse control: to clear 44,500 square kilometres of land for agricultural purposes in areas where the presence of tsetse fly has hampered development	Ongoing	24 500
20. Regional and District Diagnosis laboratories - to establish provincial and district diagnosis laboratories for quick diagnosis of animal diseases	Ongoing	6 500
21. <u>Construction of dip tanks</u>		
To construct dip tanks and dipping facilities in livestock disease-infested areas particularly senkobo skin diseases and other tick-borne diseases	Ongoing	11 500
22. <u>Water Supplies (National)</u>		
New works and improvements to existing township and district water supplies		19 400
23. <u>River basin plans and Catchments</u>		
Construction of dams and wells in the rural areas for obtaining water supplies for domestic, livestock and irrigation purposes		5 800
	Subtotal	<u>136 975</u>

Table 8 (continued)

Project and assistance required	Status	Estimated total cost <u>a/</u>
		(in thousands of US dollars)
<u>B. Industrial projects based on domestic raw materials</u>		
24. Alcohol distillery and fodder yeast plant	Ready for implementation	15 000
25. Kraft pulp and paper mill	Ready for final feasibility study and financing	125 000
26. Sulphuric acid plant	Ready for final feasibility study and financing	30 000
27. Copper fabrication plant (copper sheet plant)	Project under discussion	not yet known
28. Ceramic project	Ready for implementation	18 000
	<u>Subtotal</u>	<u>188 000</u>
<u>C. Mining</u>		
29. Seismic basin survey of the Western sediments - to undertake seismic and other geophysical surveys and drilling to identify coal, oil shales and possible petroleum deposits in the Western part of Zambia	To be commenced in 1980	3 350
	<u>Subtotal</u>	<u>3 500</u>
	<u>Total</u>	<u>328 325</u>

a/ The costs estimated cover the entire plan period, 1979-1983.



