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Assistance to Zambia

Report of the Secretary-General

1. In its resolution 35/94 of 5 December 1980, 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 and to arrange for a review of the economic situation of 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-sixth session.
2. In pursuance of General Assembly resolution 35/94, the Secretary-General arranged for a mission to visit Zambia in June 1981 to consult with the Government. The mission's report, which is annexed hereto, summarizes the economic and financial position of the country, stresses its major balance-of-payments, mining and manufacturing sector problems, describes its main requirements of foreign assistance, and reports on the implementation of the special economic assistance programme.
3. In paragraph 12 of resolution 35/94, the General Assembly invited a number of specialized agencies and organizations to bring to the attention of their governing bodies the special needs of Zambia and to report the decisions of those bodies to the Secretary-General by 15 August 1981. The responses of the agencies and organizations have been reproduced in a report of the Secretary-General covering Zambia and other countries for which the Assembly has requested the Secretary-General to organize special economic assistance programmes (A/36/599).

ANNEX

Report of the review mission to Zambia

(25 to 30 June 1981)

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I. INTRODUCTION

1. Previous reports of the Secretary-General on assistance to Zambia (A/35/208-S/13924, 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.
2. On 5 December 1980, the General Assembly adopted resolution 35/94 on assistance to Zambia. In that resolution the 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 economic situation of 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-sixth session.
3. In response to General Assembly resolution 35/94, the Secretary-General arranged for a mission to visit Zambia from 25 to 30 June 1981 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 of the Secretariat.
4. Arrangements for the mission's visit were worked out in conjunction with similar missions to Zimbabwe and Mozambique in order to ensure that assistance programmes related to regional projects were fully taken into account.
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 and outlined the urgent requirements for assistance.
6. The mission met with the Minister of State for the National Commission for Development Planning, the Governor of the Bank of Zambia, the Permanent Secretary of the Ministry of Finance, and the Special Assistant to the President for Economic Co-operation, who described the current economic situation of the country and its most urgent assistance needs.
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, balance-of-payments estimates, transport, economic and monetary developments during 1980 and the requirements for rehabilitation and reconstruction.
8. During its stay in Lusaka, the mission met regularly with a committee of senior officials chaired by the Director General of the National Commission for Development Planning. In addition to staff from the National Commission for Development Planning, the Committee included representatives of the Bank of Zambia, the Ministry of Finance, the Department of Economic and Technical Co-operation, the Ministry of Power, Transport and Communications, the Ministry of Commerce, Industry and Foreign Trade, the Ministry of Agriculture and Water Development, and the

Ministry of Home Affairs. During these meetings Zambia's reconstruction and development requirements and various aspects of the economic situation were thoroughly discussed.

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. The poor economic performance of the 1970s continued in 1980. Gross domestic product (GDP) grew by only 0.9 per cent during the year, and real GDP per capita in 1980 was of the same order of magnitude as in 1973.

11. While prospects for 1981 are not significantly better, an economic upturn is expected towards the end of the year which, it is hoped, will continue. During 1981-1984 Zambia will draw down a K800 million a/ extended fund facility from the International Monetary Fund (IMF). This facility provides import support for the revitalization of the industrial sector through increased use of existing capacity. It will also support the import requirements of a concurrent three-year investment programme.

12. The balance of payments deteriorated sharply in 1980, partly due to unexpectedly high oil and maize import costs. With the support of the IMF facility, a balance is expected to be achieved in 1981. The external payments arrears associated with the chronic deficit rose to more than K500 million (almost \$600 million) by mid-1981, but a gradual reduction is now projected.

13. The government deficit increased significantly in 1980, but the situation is expected to improve markedly in 1981 with a sharp reduction in subsidy payments and higher revenues. A revised 1981 capital budget, as a first element of the three-year investment programme, is now under preparation.

14. With the increasing utilization of the southern route through Zimbabwe and the reduced economic activity in 1980, the transportation constraint was somewhat eased during the year. However, major investments, of some K111.2 million (\$130 million), are now required in the transportation sector in order to achieve efficient utilization of existing infrastructure. Also, telecommunications services - particularly to Zimbabwe - need rehabilitation investments amounting to K2.7 million.

15. Zambia continued to face a serious food deficit in 1979/1980 and had to import 207,000 tonnes of maize. In 1980/1981, however, there should be a small surplus of

a/ \$US 1 = Kwacha (K) 0.858.

90,000 tonnes. Long-term self-sufficiency in the staple food, maize, requires a large input of foreign exchange in the form of fertilizers, seeds and agricultural equipment as well as an expansion of marketing, extension services and training facilities.

16. The current production of rice meets only half of the national needs and that of wheat only 6 per cent of the national consumption. Further, the supply of beef cattle declined during 1980 due to the lack of transport and the outbreak of foot-and-mouth disease. A 10-year Government plan envisages an investment of K400 million (\$466 million) in agriculture, with emphasis on direct production of strategic food and export crops by the State, for which foreign assistance is urgently required.

17. The total refugee population in Zambia is estimated to be over 42,000. A concerted effort has been undertaken to make 28,000 Angolan refugees self-sufficient in their basic requirements, but assistance is required for providing them with basic relief items and potable water as well as educational, health and agricultural cultivation facilities. There is also a need for relief supplies and self-help activities for other refugees. Lastly, assistance is required for strengthening the economic and administrative infrastructure in the areas of refugee concentration.

18. For the rehabilitation in the border areas, the Government needs \$2.9 million for a water catchment project in Gwembe district and \$1.2 million for Luangwa and Chirundu water projects. Further, the requirements, noted in previous reports, for the replacement of police and customs speedboats, vehicles and utility equipment in these areas still remain.

19. Important sections of Zambia's road network are in urgent need of repairs and rehabilitation, and land mines have to be removed from the border areas. External assistance is required for these purposes as well as for the reconstruction costs of several major bridges.

20. Of the 29 urgent development projects listed in the previous report of the Secretary-General (A/35/208-S/13924, annex), only six projects have been fully funded. Assistance is still required for the remaining projects.

21. Zambia suffered very great setbacks and distortions to its economy during the years of confrontation with the illegal régime in Southern Rhodesia. The country was forced to make large reallocations of resources away from capital investment projects and expenditures in the social sectors towards defence and external transport costs. Zambia now has good prospects of economic recovery and reconstruction. This is an opportune time for the international community to share Zambia's burden by providing increased assistance towards the country's recovery from the sanctions imposed in 1973.

III. ECONOMIC SITUATION

A. General

22. Previous reports of the Secretary-General have reviewed Zambia's serious economic and financial situation since the closure of the border with Southern Rhodesia in January 1973, and showed that there has been virtually no growth in the gross domestic product since that time. Indeed, in 1979 there was a substantial decline, of 8 per cent, in GDP. Zambia's population, 5.68 million in 1980, has grown by 40 per cent since 1969. The major economic stabilization programme undertaken in 1978 and 1979, while improving the external payments position and stabilizing the budget deficit, clearly had an adverse impact on economic growth. While some improvement took place in 1980, particularly in agriculture and manufacturing, GDP in constant prices rose by only some 0.9 per cent. The support which the two-year K325 million standby programme entered into with IMF in 1978 had been expected to give to economic growth was largely lost because the period saw a weakening of export prices, a large increase in oil prices, and an abnormally low maize crop which necessitated large imports. Thus, much of the IMF facility had to be used for imported consumption items.

23. An extended fund facility has now been negotiated with IMF, under which Zambia will be able to draw K800 million over the years 1981-1984, of which K310 million will be drawn in 1981. This facility is expected to assist greatly in the rehabilitation and increased capacity utilization of the industrial infrastructure as well as to permit the timely import of agricultural inputs. The growth-oriented nature of this facility is expected to lead to considerably better economic performance in future years.

24. The facility was negotiated concurrently with the development of an investment programme for the years 1981-1983. A primary objective of this investment programme is to rehabilitate rapidly the existing underutilized industrial infrastructure so as to maximize the immediate economic and employment impact, and thus also to assist in generating resources for the repayment of the drawings. Another important trend related to the utilization of the facility will be a reduction by almost half in subsidies to parastatal companies (see table 5), which may lead to some one-time increases in consumer prices (maize meal subsidies have already been completely removed) and also, in the medium-term, to increased direct foreign borrowing by the larger of the companies. Altogether, the parastatal companies are responsible for some 80 per cent of the economic activity in the formal sector.

25. The hoped-for surplus in the balance of payments, and a manageable budget deficit, did not materialize in 1980. Zambia experienced a large external deficit of K438 million on current account, compared to a surplus of K118 million in 1979. The cumulative external deficit since 1973 is now in excess of K1,300 million. In the absence of adequate capital inflows there has been a continuing build-up of external payments arrears, to a level of some K472 million at the end of 1980, up from K360 million a year earlier. In mid-1981 the arrears stood at about K520 million, but will now fall gradually with the utilization of the IMF facility.

26. The over-all domestic budget deficit underwent a sharp increase in 1980, with large increments of both revenue and expenditure. With external inflows covering only some 30 per cent of the deficit, domestic bank borrowing amounted to K237 million, up from K100 million in 1979. The rate of inflation in 1980, about 10 per cent, was similar to that of 1979 and appreciably down from the 20.7 per cent recorded in 1977.

27. Zambia's continuing difficulties largely result from the tremendous economic burden shouldered by the country during the period of the border closure, 1973-1979, which by the end of 1980 had probably cost the economy in excess of K1,000 million. Of this cost, less than a quarter has been met by contributions from the international community in response to repeated United Nations appeals. It is clear that, even with the independence of Zimbabwe, the repercussions on the Zambian economy of the earlier struggle are not yet over. Zambia's difficulties, therefore, remain a cause for international concern and there is an urgent need to support measures for economic revitalization which, with international assistance, now have excellent prospects for success.

B. Economic activity

28. Table 1 shows the gross domestic product, at 1970 prices, for the years 1975-1980. The real GDP has, over-all, fallen slightly during the period and, indeed, has not changed significantly since 1973. With the 1980 population of 5.68 million and the 1980 GDP, in current prices, amounting to K3,038 million, the GDP per capita at current prices is K535 (\$US 624). However, at 1970 prices, the GDP per capita in 1980 was only K238, which is of the same order of magnitude as in 1973.

29. The agricultural sector showed some improvement in 1980, but remained below its performance during 1976-1978. Food production per capita has fallen significantly during the 1970s. The manufacturing sector's output increased slightly and achieved a level approximately equal to the previous high in 1974. The manufacturing production index averaged 112 in the first eight months of 1980, up from 105 in 1979 and 100 in 1973. Recovery in this sector can, to some extent, be attributed to the reopening of the southern transport routes. However, the construction sector has been suffering a serious and continuing decline, and output in 1980 was only half of that of 1975. This is largely due to declining Government capital expenditures (in real terms), and to import restrictions on building materials as a result of the unfavourable external payments position in recent years. The decline in construction has had a significant impact on employment in the urban areas: employment in construction stood at 43,600 in mid-1980, down 39 per cent from 1975.

Table 1

Gross domestic product

(by kind of economic activity, in constant 1970 prices)

Line A: Amounts in millions of kwacha

Line B: Percentage change from preceding year

	1975	1976	1977	1978	1979	1980	Average annual growth from 1975 to 1980 (Percentage)
Total GDP	1,438.1	1,500.1	1,424.4	1,458.8	1,342.1	1,353.7	-1.2
of which contributed by:							
A	-	+4.3	-5.0%	+2.4%	-8.0%	+0.9%	
B							
Agriculture, forestry and mining and quarrying	157.0	166.9	168.2	169.0	153.4	166.5	+1.2
A	-	+6.3%	+0.8%	+0.5%	-9.2%	+8.5%	
B	427.9	503.2	469.7	504.8	401.3	396.1	-1.5
A	-	+17.5%	-6.7%	+7.5%	-20.5%	-1.3%	
B							
Manufacturing	157.6	151.9	141.4	152.0	151.9	158.9	+0.16%
A	-	-3.6%	-6.9%	+7.5%	-0.0%	+4.6%	
B							
Electricity, gas and water	48.9	52.6	57.8	58.3	62.6	66.5	+6.3%
A	-	+7.6%	+9.9%	+0.9%	+7.4%	+6.2%	
B							
Construction	138.5	99.5	90.4	82.0	77.6	68.6	-13.1
A	-	-28.2%	-9.1%	-9.7%	-5.4%	-11.6%	
B							
Transport and communications	57.6	67.0	61.6	62.1	64.4	67.1	+3.1
A	-	+16.3%	-8.2%	+1.0%	+3.5%	+4.4%	
B							
Other services a/	450.6	459.0	435.4	430.6	431.0	430.0	-0.9
A	-	+1.9%	-5.1%	-1.1%	+0.1%	-0.2%	
B							

Source: Government of Zambia.

a/ Includes Government.

30. Mining remains the mainstay of the economy, contributing some one third of GNP and more than 95 per cent of exports. Copper production in 1980 reached 610,000 tonnes, up from 578,000 tonnes in 1979; 1980 sales were 624,000 tonnes. Production and sales in 1981 may not reach the projected 609,000 tonnes, as some ore bodies are becoming more difficult to mine and are of lower grade, and there is also some shift towards deposits with higher cobalt content. Cobalt production in 1980 was 3,293 tonnes, but sales amounted to only 1,903 tonnes. The total value of mineral sales in 1980 amounted to some K1,200 million, compared to K1,100 million in 1979. Government revenue from the mining sector (income tax, mineral royalties and withholding taxes) amounted to K64 million; in 1979 there had been no revenue from this sector due to loss carry-forwards from earlier years.

31. Copper prices continued their recovery from the 1975 low of about K800 per tonne, peaked in February 1980 at over K2,000 per tonne, and then moved downward until mid-1980; the resulting average price for the year was some K1,730 per tonne. Copper consumption in the industrialized market economies fell from 7.7 million tonnes in 1979 to 7.4 million tonnes in 1980. While there may be a marginal strengthening of copper prices during 1981, the situation is unlikely to change significantly. The average price for the year, for budget purposes, has been estimated at K1,900/tonne. The cost of sales of copper rose to K1,500 per tonne in 1980, up 16 per cent from 1979.

32. Cobalt prices were steady during 1980, at \$US 24.90 per pound, but in early 1981 weakened considerably, to \$14.50 per pound in mid-1981, and it may be difficult to obtain the \$20 per pound which was used in the 1981 budget estimate.

33. Zambia's economic difficulties during the 1970s may be viewed with reference to table 2, which shows the use of available economic resources in 1975 and 1980.

Table 2

Use of economic resources

(1)	1975 in 1975 prices (Millions of Kwacha) (2)	<u>Volume changes</u> <u>from 1975</u> <u>to 1980</u> (percentage) (3)	<u>Price change</u> <u>from 1975</u> <u>to 1980</u> (percentage) (4)	1980 in 1980 prices (Millions of) Kwacha (5)
<u>Resources</u>				
Gross domestic product	1,583.4	-5.9	+103.9	3,038.2
<u>Imports</u>	<u>883.8</u>	<u>-44.2</u>	<u>+157.7</u>	<u>1,271.0</u>
Total	2,467.2	-19.6	+117.3	4,309.2
<u>Uses</u>				
Government consumption	435.7	-10.2	+113.5	835.3
Private consumption	814.5	+1.7	+95.4	1,618.7
Stocks	+40.0	-	-	+55.0
Gross capital formation	<u>602.0</u>	<u>-58.8</u>	<u>+139.5</u>	<u>594.0</u>
Total domestic use	1,892.2	-20.6	+106.4	3,103.0
Exports	<u>595.0</u>	<u>-19.2</u>	<u>+159.6</u>	<u>1,206.2</u>
TOTAL	2,467.2	-19.6	+117.3	4,309.2

Source: Government of Zambia.

34. The real economic resources available to Zambia were almost 20 per cent lower in 1980 than in 1975. One effect was a steep reduction, almost 60 per cent, in gross capital formation. The decline in government consumption, by 10 per cent in real terms, and much more in per capita terms, underlines the way in which the situation during the 1970s has led to resource allocation distortions with particular impact on the social sectors. Education and health services have suffered greatly. Per capita private consumption was significantly lower in 1980 than in 1975.

35. The 1980 census showed a population of 5.68 million, up almost 40 per cent since the last census in 1969. The average population growth rate was 3.1 per cent during the period, compared to an average of 2.5 per cent during the years 1963-1969. This increased population growth rate is primarily due to a declining death rate. The urban population now constitutes 43 per cent of the total, up from 20.5 per cent in 1963 and 29.4 per cent in 1969; the urban growth rate averaged 6.7 per cent per annum, and the rural growth rate 1.1 per cent per annum, between 1969 and 1980. Fifty-five per cent of Zambia's population lives along the "line of rail"; i.e., the north-south axis of the country between the copperbelt and Livingstone.

36. Employment since 1975 has been falling or stagnant. In 1975 wage employment totalled 393,500, and in mid-1980 the total was only 384,100. The employment outlook for 1981 is not encouraging, although a revitalization of manufacturing activity together with increased public sector capital expenditures - particularly in the rural areas - could do much to alleviate the situation.

C. Balance of payments

37. In 1979 a surplus was achieved on both the current and over-all external balance. However, 1980 saw a very large reduction in the trade surplus and a significant increase in the deficit on invisibles, resulting in a current account deficit of K438 million. The positive balance of K104 million on capital account resulted in an over-all deficit of K334 million.

38. Of the total imports of K896 million in 1980, crude oil accounted for K148 million, and maize imports for K35 million (almost 40 per cent of the country's maize consumption had unexpectedly to be imported in 1980; in 1981 near self-sufficiency in maize is expected).

39. The balance-of-payments projection for 1981 shows considerable improvement over 1980, but much will depend on whether copper production can reach the assumed 600,000 tonnes and whether copper and cobalt prices will be reasonably firm.

Table 3
Balance of payments 1979-1981
 (Millions of kwacha)

	Actual 1979	Provisional actual 1980	Projected 1981
Exports f.o.b.	1,146.2	953.8	1,230
Imports f.o.b.	<u>613.8</u>	<u>896.3</u>	<u>920</u>
Trade balance	+532.4	+57.5	+320
Non-factor services (net)	-255	-244	-320
Investment income (net)	- 99	-183	- 60
Unrequited transfers (net)	<u>- 60</u>	<u>- 69</u>	<u>- 60</u>
Net invisibles	-414	-496	-480
Current account balance	+118	-438	-160
Capital account	<u>+112</u>	<u>+104</u>	<u>+160</u> a/
OVER-ALL BALANCE	<u>+230</u>	<u>-334</u>	<u>0</u>

Source: Government of Zambia

a/ Taking into account the IMF extended facility.

40. A serious problem since 1973 has been the deterioration in Zambia's terms of trade. The terms of trade index fell from a high of 93 in 1973 to a low of 33 in 1978. In 1980, there was a small recovery to 43, the level of 1975 (see table 4).

41. Zambia's external public debt, excluding repayment liabilities to IMF, stood at K1,037 million at the end of 1980, up from K766 million a year earlier. Repayments in 1980 (principal and interest) amounted to K74.6 million, or 8 per cent of export earnings. In addition, fees amounting to K23.5 million were paid in respect of the IMF facilities. Also, the Government has provided guarantees for external borrowing by parastatal corporations which, at the end of 1979, amounted to K486 million.

Table 4

Terms of trade

(1970 = 100)

Year	Export prices	Import prices	Terms of Trade
1971	78	105	74
1972	80	111	72
1973	117	126	93
1974	134	157	85
1975	84	194	43
1976	100	217	46
1977	97	249	39
1978	100	307	33
1979	185	381	49
1980	218	502	44

Source: Government of Zambia.

D. Government finances

42. Since 1976 Government revenue has been increasing at an average annual rate of almost 15 per cent, reaching K762 million in 1980. During the 1970s there was a shift away from mineral revenues b/ towards the more stable income and customs and

b/ During the 1970s, mineral revenues were at highs of 39 per cent of total revenue in 1970 and 1974; however, during 1976-1979 they were insignificant, and in 1980 amounted to 6 per cent. The 1981 budget projects a marginal contribution of K2 million, or 0.24 per cent.

excise taxes. c/ Recurrent expenditures have, however, kept pace with revenues and experienced a sharp increase to K1,033 million in 1980, leaving a current account deficit of K271 million.

43. Constitutional and statutory expenditures, which include defence costs and public debt servicing, rose from 19 per cent of recurrent expenditures in 1970 to 40 per cent in 1979. The increase has largely been at the expense of public sector investment, which has been declining in real terms since 1975. Capital expenditures in recent years have been about K160 million per annum, falling from 27 per cent of total government expenditure in 1976 to 20 per cent in 1980. There is expected to be a small increase, to 21.5 per cent, in 1981. d/

44. The above reflects how the political situation in southern Africa, and particularly the border closure and confrontation with the illegal régime in Southern Rhodesia, has necessitated the diversion of public resources towards defence expenditures and away from economic development projects and programmes. This situation greatly contributed to the stagnation of GDP and real income per capita during the 1970s.

45. Following drastic cuts in subsidies, the 1981 deficit is expected to fall to about K133 million, somewhat below the average during 1976-1979. The over-all government deficits have been financed from internal and external sources, the latter becoming significantly more important since 1979. Domestically, it is principally the banking sector which has financed the deficit. The internal public debt stood at K438 million at the end of 1980, up from K396 million a year earlier.

c/ Since 1975 customs and excise tax collections have been somewhat greater than income tax collection; the two together have constituted about 85 per cent of revenues in recent years.

d/ In 1970 public sector investment amounted to 19 per cent of GDP, but in 1975 it fell to 11 per cent and in 1979 it declined to only 4 per cent of GDP. In 1980 it rose slightly, to 6.4 per cent.

Table 5

Government finances

(Millions of kwacha, at current prices)

Item	A C T U A L				1980 Preliminary actual	1981 Projected
	1976	1977	1978	1979		
<u>Current account</u>						
Recurrent revenues	443.0	499.1	549.0	592.8	762.4	824.6
Recurrent expenditures,	608.9	660.7	647.1	791.0	1 033.1	957.2
of which subsidies	<u>(59.8)</u>	<u>(66.2)</u>	<u>(42.1)</u>	<u>(102.1)</u>	<u>(208.0)</u>	<u>(124.7)</u>
Deficit	165.9	161.6	97.2	198.2	270.7	132.6
<u>Capital account</u>						
Capital grants, payments and others	+192.5 a/	+40.7	+ 34.4	+ 41.9	+ 32.4	+ 62.2
Capital expenditures	<u>327.5 a/</u>	<u>160.3</u>	<u>158.3</u>	<u>165.4</u>	<u>388.6 b/</u>	<u>225.8</u>
Net capital	135.0	119.6	133.9	123.5	356.2	163.6
<u>Over-all deficit</u>	300.9	281.2	231.1	321.7	626.9 b/	296.2
<u>Financing</u>						
Internal,	248.1	221.4	171.1	141.4	496.9	197.4
of which non-bank	(58.4)	(40.0)	(42.0)	(41.0)	(65.3)	(69.0)
bank	(189.7)	(183.4)	(129.1)	(100.4)	(431.9) b/	(128.4)
External	52.9	57.8	60.0	180.3	130.0	98.8

Source: Government of Zambia.

a/ Includes K166.1 million Tanzania/Zambia Railway (TAZARA) sale.

b/ Includes K194.6 million book adjustments.

/...

46. The following table illustrates how government expenditures, particularly public investment, have remained low in real terms over the past five years.

Table 6

<u>Year</u>	<u>Recurrent expenditures</u>		<u>Capital expenditures</u>	
	<u>Current prices</u>	<u>Constant prices</u>	<u>Current prices</u>	<u>Constant prices</u>
1976	608.9	608.9	327.5 <u>a/</u>	327.5 <u>a/</u>
1977	660.7	639.6	160.3	123.2
1978	647.1	510.6	168.3	114.6
1979	791.0	642.2	165.4	93.9
1980	1,033.1	929.8	388.6 <u>b/</u>	216.5 <u>c/</u>
1981 estimates	957.2	679.6	225.8	122.8

Source: Government of Zambia.

a/ Includes TAZARA loan. Net of loan, the figure is K172.0 million

b/ Includes K194.6 million book adjustments for parastatal forms. Net of this, the figure is K194.0 million.

c/ K108.1 million net of book adjustments.

E. Southern African Development Co-ordination Conference

47. Under the aegis of the Southern African Development Co-ordination Conference (SADCC), e/ Zambia has primary responsibility for establishing the Southern African Development Fund and is taking preparatory steps to this end. To date within SADCC, the greatest progress has been made in respect of the Transport and Communications Commission, which is now operational in Maputo. Of the 97 projects identified in the transport and communications sector, 22 are now being implemented, 26 are under negotiation with possible donors, and 20 more are shortly to be presented to potential donors.

e/ Comprising Angola, Botswana, Lesotho, Malawi, Mozambique, Swaziland, the United Republic of Tanzania, Zambia and Zimbabwe.

48. Several SADC transport projects relate largely or in part to Zambia, including the following:

(a) The needs of TAZARA (see para.84); in addition to the support secured from the Federal Republic of Germany, discussions are also under way with two other potential donors;

(b) A donor is expected to undertake a pre-feasibility study for railway electrification within Zambia in connexion with similar plans in Zimbabwe;

(c) A rail connexion between Chipata in the Eastern Province and Malawi is under study, and this would open up the possibility of a later connexion northward from Chipata to the TAZARA line;

(d) The rehabilitation of the Kafue-Chirundu road (the main artery to Salisbury) is expected to be undertaken with assistance from the United States of America;

(e) A potential donor has expressed interest in a bridge at Kazungula to improve the road connexion to Botswana. A pre-feasibility study may be undertaken soon;

(f) A road link between Zambia's Eastern Province and Northern Province is an element of the SADC regional road programme;

(g) The upgrading of regional Zambian airports, including Ndola, to accommodate larger jets;

(h) A microwave link, Livingstone-Bulawayo-Francistown, is being built with assistance from the Nordic countries; additional links with Angola, Zaire and Malawi are also under discussion.

F. Outlook for 1981

49. The budgeted public sector capital expenditure of K226 million was, in mid-1981, seen to be too optimistic and a reduced plan, amounting to about 60 to 70 per cent of the original, is under preparation. The revised 1981 investment plan will constitute the first year of the 1981-1983 investment programme, for which the new IMF extended facility will provide foreign exchange support. Once the three-year programme has been decided on, only unanticipated and urgent new needs will be accommodated within that period and, in any event, such additional projects will not exceed 15 per cent of the total investment plan.

50. In the first half of 1981, revenues were falling behind budget projections. To some extent this was due to the two-month delay in the availability of the first IMF tranche of K130 million, which resulted in imports being lower than anticipated; consequently, customs and excise tax collections fell substantially. As a result, the domestic deficit may be higher than projected.

51. The 1981 budget included the assumption that copper production and sales would be 609,000 tonnes, but actual production could turn out to be 5 to 10 per cent below this. Copper prices are not expected to weaken during the rest of 1981. The realized average cobalt price may, however, be significantly below that used in the budget projection. Consequently, the support which the IMF facility will give to the balance-of-payments deficit in 1981 is likely to be partially offset by these negative developments in the two principal exports.

52. One result of the IMF arrangement is that current foreign exchange obligations will not be met when due. In addition, about one third of the funds available in 1981, or some K100 million, will be used to reduce the accumulated payments arrears. Portions of the facility available in 1982 and 1983 will also be used to reduce arrears. However, the principal purpose of the facility is to support an import programme oriented towards industrial inputs, spares and replacement machinery, so as to increase the utilization of available industrial capacity and to support the foreign exchange elements of the 1981-1983 investment programme. This is expected to raise GDP and improve the trade balance, and enable Zambia to repay the facility over eight years starting in 1984 (repayment of the 1978-1979 standby programme has already begun).

53. With the independence of Zimbabwe, Zambia is now embarking on a programme to rehabilitate and expand its economy, which suffered major distortions during the sanctions period. At this critical period, support has been extended by international financial institutions. This is a most opportune moment for other donors to increase their assistance substantially, and for new donors to extend assistance, to enable Zambia to more adequately lay the base for economic recovery and vigorous economic expansion. Donors are urged to bear in mind that under present circumstances there are strong inhibitions on increasing the domestic budget deficit, and this means that if incremental external assistance is to be properly utilized donors must, whenever possible, give favourable consideration to meeting a substantial proportion of local costs.

IV. SPECIAL FEATURES OF THE SITUATION IN ZAMBIA

A. Transport system

54. The previous report of the Secretary-General (A/35/208-S/13924) summarized developments in Zambia's external transport situation over the last 15 years and analysed the traffic flows over the various routes in recent years. Table 7 below shows the traffic pattern over the years 1978-1980.

55. There has been a large shift towards use of the Zimbabwe route, which carried some 43 per cent of external traffic in 1980, whereas the United Republic of Tanzania route, which in 1977 had handled 83 per cent of the traffic, carried only 52 per cent. The Botswana route via the Kazungula pontoon (which was attacked and destroyed in April 1979) is no longer used. The road/rail link to Beira via Moatize was not in use in 1980, but will be used for fertilizer imports in 1981.

Table 7

Zambia's external trade traffic

(Thousands of tonnes)

	<u>1978</u>	<u>1979</u>	<u>1980</u> a/
Zaire (rail)	98	53	49
Dar-es-Salaam (road)	226	305	367
Dar-es-Salaam (rail)	856	452	513
Nacala/Beira via Malawi (road/rail)	33	46	8
Beira (road/rail)	71	21	-
Zimbabwe (road)	-	-	80
Zimbabwe (rail)	136	637	659
Botswana (road)	34	1	-
Other (including air)	17	32	23
Total	<u><u>1,471</u></u>	<u><u>1,547</u></u>	<u><u>1,699</u></u>

a/ Annualized on the basis of the first 11 months.

56. Previous reports reviewed the severe problems that arose following attacks by Southern Rhodesia on Zambian rail and road bridges in late 1979, which was the subject of Security Council resolution 455 (1979). As indicated in section V below, the immediate difficulties have now been largely overcome.

57. With the independence of Zimbabwe, it now becomes possible to establish internal and external transportation investment programmes to underpin the economic reconstruction now under way and to serve more normal developmental needs. These investment requirements are described in section V below.

B. Food Situation

1. Maize

58. Zambia faced a shortage of its staple food maize during 1978/1979 and 1979/1980. Though the planted area during 1979/1980 was considerably higher than

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in the previous seasons, the yield was low because of the long drought. The shortage of foreign exchange also had a negative impact on agricultural production through restrictions on the imports of fertilizers, seeds, agricultural machinery and equipment, and stock feeds.

59. The marketed production of maize during the 1979/1980 season was 378,000 tonnes and fell well short of the total current demand of 720,000 tonnes. Some 207,000 tonnes were imported to meet much of the shortfall.

60. While estimates of the production of maize in the 1980/1981 season are still awaited, the Government believes that favourable weather conditions during the year have created a base for achieving self-sufficiency for the present, and there may even be a surplus of up to 90,000 tonnes which will be used to build a strategic maize reserve. Producer prices have been raised by 18 per cent for the 1981/1982 season. Internal transport and storage present major problems in handling the current crop.

2. Rice

61. The total planted area under cultivation increased by 65 per cent during the season, i.e. from 3,100 hectares in 1978/1979 to 5,100 hectares in 1979/1980. The marketed production of rice is estimated at 2,104 tonnes, representing an increase of 14 per cent over the previous season's marketed production. However, the current production of rice meets only about half of the total domestic demand.

3. Wheat

62. The total wheat area, both rainfed and irrigated, during 1979/1980, was 2,400 hectares, representing an increase of 14 per cent over the previous season's 2,100 hectares. The production in 1980 was about 7,000 tonnes, an increase of about 7 per cent over the previous season's production. However, the present level of wheat production meets only about 6 per cent of the country's annual consumption of 115,000 tonnes.

4. Ground-nuts

63. The area under ground-nut cultivation in 1979/1980 declined by 7 per cent and marketed production fell to only 2,000 tonnes.

5. Soya beans

64. The area under cultivation of soya bean increased considerably during 1979/1980 and marketed production totalled 3,420 tonnes, as compared to the previous season's sale of 1,294 tonnes.

6. Sunflower seeds

65. The marketed production of sunflower seeds registered a 43 per cent increase during the year 1979/1980, totalling 17,000 tonnes compared to 12,000 tonnes in

1978/1979. However, the current production meets only 58 per cent of the country's requirements. The Government increased the producer price by 20 per cent for the 1980/1981 season.

7. Working of National Agricultural Marketing Board (NAMBOARD)

66. NAMBOARD continues to face problems in handling grains and farming requisites due to inadequate handling equipment, transport and storage facilities. It is proposed to reorganize NAMBOARD and to restrict its functions to the importation of maize and fertilizers, the distribution of maize from surplus areas to deficit areas, and the sale of fertilizers to co-operatives. The co-operative unions will undertake the procurement of maize at the provincial level and the retail sale of fertilizers.

8. Livestock

67. The supply of beef cattle declined during 1980. The Cold Storage Board had planned to purchase about 25,000 head during 1980 but it was able to purchase only 15,500 head. The drop was caused by lack of transport, lack of funds, and an outbreak of foot-and-mouth disease in Southern Province.

9. The 10-year plan

68. The Government launched a 10-year Operation Food Production Programme in May 1980, emphasizing direct production of strategic food and export crops by the State. Total investment, drawing on foreign and local resources, is projected at K400 million. So far a total of 18 state farms, ranging in size from 13,000 to 60,000 hectares, have been registered as individual farming companies and pre-feasibility studies on these farms have been completed. After completion of feasibility studies in 1981, the plans for the development of state farms will be drawn up in consultation with the prospective foreign donors.

C. Refugees

69. The total refugee population at present in Zambia is estimated at 42,000, as detailed in the following table:

Table 8

A. Refugees in Zambia

Nationality	Location					Total
	Meheba	Mayukwayukwa	ANC farm	Nyango	Spontaneous	
Angolans	10,830	1,200	-	-	16,000	28,030
Zairians	1,000	-	-	-	6,000	7,000
South Africans	-	-	3,500	-	-	3,500
Namibians	170	-	-	2,500	-	2,670
Total	12,000	1,200	3,500	2,500	22,000	41,200
					Urban refugees	860
					Total	42,060

B. Approximate breakdown of urban refugees

Angolans	80
Zairians	60
South Africans	170
Namibians	140
Others	<u>410</u>
Total	<u>860</u>

70. The problem of refugees from Zimbabwe, some 45,000 in 1980, has been practically resolved and most of them have returned home. However, scholarship assistance is still being provided by the United Nations High Commissioner for Refugees (UNHCR) to a number of Zimbabwean students who are in the middle of an academic cycle. Meanwhile, the number of refugees from other countries has increased. The international community has provided considerable assistance for the development of rural settlements, for scholarships and additional educational facilities, and for supplementary aid and counselling. However, with the exception

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of the inhabitants of the Mayukwayukwa and Meheba agricultural settlements, all other refugees in Zambia are still in need of substantial assistance towards achieving basic self-sufficiency. In particular, the group of spontaneously settled (unregistered) refugees in the North-West Province requires basic relief supplies, potable water and educational, health and agricultural cultivation facilities.

71. The Mayukwayukwa rural settlement was opened in 1966 and handed over to the Government of Zambia in 1973. It had 1,202 Angolan refugees at the end of 1980. The settlement meets most of its basic requirements through its own efforts and received assistance only for its secondary education programmes. The Meheba rural settlement was opened in 1971. The Government of Zambia has donated land for the settlement and the Lutheran World Federation/Zambia Christian Refugee Service has been implementing a UNHCR-assisted project which aims at basic self-sufficiency by the end of 1981. However, additional assistance in the field of health and education is needed.

72. At the request of the Government, UNHCR undertook a mission in February 1981 to the Western Province and identified some 3,000 Angolan refugees at Mongu and some 2,000 between Lukulu and Kalabo. Other refugee concentrations are reported at different points on the Angolan border and the Government estimates their number to be 10,000. These refugees appear to have been in the country for some time and, to a certain extent, have been integrated into the local population. Owing to two consecutive drought years and the deteriorating security situation in the area, these refugees are now in dire need of assistance in the form of food, medicines, blankets, clothing, etc., as well as transport for relief services. The Government also needs resources to strengthen its existing infrastructure, in particular its education, health and social welfare centres. Furthermore, assistance is needed for long-term solutions and income-generating self-help activities such as projects for food, oil and juice processing, furniture manufacture, a tannery, and handicrafts. Assistance is also needed for the construction of access roads and tube wells.

V. NEEDS FOR RECONSTRUCTION AND REHABILITATION

A. Transport

73. During the period of sanctions, disruptions in the movement of imports and exports represented the most immediate manifestation of the economic setbacks suffered by Zambia. As discussed in previous reports of the Secretary-General, these difficulties were exacerbated in late 1979 when the illegal régime in Southern Rhodesia attacked several rail and road bridges and further disrupted Zambia's external traffic flows. The cost of reconstructing the bridges amounts to K8.3 million, and all have now been either repaired or rebuilt except the Chambeshi rail bridge, which will be completed at the end of 1981, and the Lufue bridge on which work has not yet started.

74. With the resumption of normal trade between Zambia and Zimbabwe following Zimbabwe's independence, Zambia faces considerable rehabilitation and reconstruction

expenditures in the transport sector to bring its capacity and efficiency up to the required levels. Zambia's transport system is also a critical element in the regional transportation plan under development in the context of the Southern African Development Co-operation Conference (SADCC).

1. Railways

(a) Zambia Railways

75. Cargo traffic on Zambia Railways amounted to approximately 5 million tonnes in 1980, of which some 3.8 million tonnes was internal traffic and some 1.2 million was external. Nearly all the export traffic, and some 50 per cent of the internal traffic, was copper.

76. Zambia Railways operates 80 mainline locomotives, of which 10 were recently obtained from the Federal Republic of Germany and 6 are rented. In addition, it has 22 shunting locomotives, of which 10 are rented, and these shunters are on occasion used on mainline services. As there is chronic difficulty in obtaining spare parts, on average only some 70 per cent of the locomotive fleet is available for operation.

77. The wagon fleet numbers 9,800, of which 2,000 are foreign-owned. Except for 150 wagons awaiting spare parts, most of the wagons are in good condition. During the past year 500 wagons previously stranded in Angola have been recovered, and 400 new wagons have been obtained from Japan. A further 600 wagons will be received by the end of 1981. Under World Bank financing, 300 will come from Sweden and 50 from Belgium. With assistance from the European Economic Community (EEC), 250 wagons are being purchased from Zimbabwe.

78. The additional 350 wagons and the 10 locomotives recently delivered are part of the World Bank's railway project, costing about K150 million, which covers renewal of 112 km of track; purchase of 40 locomotives with spares; purchase of 1,000 wagons with spares; improving telecommunications; improving maintenance facilities; and providing advisory services at senior and middle levels; and training at all levels.

79. In addition to these inputs, Zambia Railways requires the following items to handle the projected traffic:

Cost
 (Thousands of kwacha)

(a) <u>Locomotives</u>	
12 locomotives, plus spare parts	12,000
(b) <u>Locomotive and wagon workshops</u>	
Renovations and upgrading of locomotive, carriage and wagon workshops at Livingstone	1,000
(c) <u>Wagon fleet</u>	
Purchase of 300 container flats	4,000
Purchase of 800 high-sided wagons	32,000
Purchase of 42 passenger coaches	14,700
Total	<u><u>63,700</u></u>

(b) Tanzania/Zambia Railway (TAZARA)

80. The TAZARA railway, completed in 1975, extends some 1,860 km from Kapiri Mposhi in Zambia to Dar-es-Salaam in the United Republic of Tanzania. The design capacity of the line is 2 million tonnes per annum, and in 1977-1978 it carried almost 1.3 million tonnes. However, various problems have arisen in the last three years and traffic has fallen steadily, to only a little over 0.6 million tonnes in 1979-1980. The target for 1980-1981 is just under 0.9 million tonnes.

81. The principal constraint on TAZARA's operation has been motive power availability. In addition, landslides occurred between Mlimba and Makumbako after heavy rains. Temporary repairs have been made, but a more thorough investigation of long-term options on that stretch of track is needed. The destruction of two bridges by the illegal Southern Rhodesian régime in 1979 also had a temporary impact on traffic. Since 1979 TAZARA has also faced strong competition from the road haulage industry.

82. While TAZARA began operations with 85 mainline diesel-hydraulic locomotives, and later added 12 more, only 37 locomotives are at present operational. Furthermore, motive power availability as at April 1981 averaged only 20 locomotives per day; breakdowns, and concurrent spare parts problems, are the principal reasons. Turnaround time on TAZARA is at present approximately 20 days, a slight improvement since last year but double the designed 10-day period. When the turnaround time of 15 days by Zambia Railways between Kapiri Mposhi and origin/destination within Zambia is added, the total turnaround time of 35 days remains excessive.

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83. TAZARA is planning to re-engine 40 of the original locomotives and two prototypes are already being tested. A further 14 locomotives are being obtained, with delivery in late 1981. Seven of these are being paid for by Zambia under a soft loan of DM 7.5 million from the Federal Republic of Germany.

84. The following additional investments are required on TAZARA:

<u>Locomotives</u>	<u>Thousands of kwacha</u>
Repowering and refitting 40 locomotives	8,207
11 more new locomotives	6,160
<u>Wagons</u>	
120 new wagons	5,346
<u>Equipment</u>	
1 tamping machine	286
2 railway cranes	643
1 wheel lathe	76
Total	<u>20,718</u>

85. The Government of Australia has agreed to carry out the investigation of the railbed between Mlimba and Makumbako, at a cost of some K1.5 million.

2. Road transport

86. Zambia's international road transport is handled by Zambia-Tanzania Road Services (ZTRS), which operates to Dar-es-Salaam, and by Contract Haulage Ltd. (CHL), which operates all other routes, namely, Zimbabwe, Botswana, Mozambique and Malawi. The United Bus Company (UBZ) provides passenger bus and taxi services.

(a) Zambia-Tanzania Road Services

87. Since last year, ZTRS has purchased 100 vehicles and written off 22, giving a fleet of 453 vehicles as at mid-1981. Freight performance has been as follows:

Table 9

Zambia-Tanzania Road Services freight (tonnes)

	<u>1978/79</u>	<u>1979/80</u>	<u>1980/81</u>
Exports	202,000	181,000	173,000
Imports	187,000	167,000	139,000
Total	<u>389,000</u>	<u>348,000</u>	<u>312,000</u>

88. There are several reasons for the decline in road traffic on the Dar-es-Salaam route. There has been an increase in traffic through Zimbabwe while the real volume of imports has been falling because of foreign exchange constraints. Further, the handling of Zambian goods at Dar-es-Salaam was suspended for three weeks in late 1980. Finally, ZTRS has a poor record of vehicle availability because of the relatively high average age of its fleet and difficulties in obtaining foreign exchange for spare parts. There have been problems in obtaining equipment and supplies outside Zambia, even with the establishment of normal letters of credit, because suppliers have been influenced by the buildup of Zambia's external payments arrears.

89. Over the past few years an imbalance has developed between trucks and trailers. The requirements of ZTRS are now:

<u>Vehicles</u>	<u>Thousands of kwacha</u>
75 trucks	4,140
100 trailers	3,000

Workshops

Improvements in Kitwe	50
Improvements in Dar-es Salaam	50
	<hr/>
Total	7,240

(b) Contract Haulage Ltd.

90. Contract Haulage Ltd. carries both dry and wet cargoes on international and domestic routes. Following the opening of the border and the independence of Zimbabwe, CHL has participated on a reciprocal basis in road haulage on all the southern international routes. This traffic has been rising rapidly. Unfortunately, while CHL equipment specifications are in accordance with the road

traffic regulations of the United Republic of Tanzania, Malawi and Mozambique, axle loading restrictions in Zimbabwe and Botswana cause difficulties. In the short term CHL is making modifications to its existing equipment, but in the longer term new vehicles will be needed which meet the necessary specifications. New equipment able to carry the increasing container traffic is also envisaged.

91. The present fleet comprises 320 semi-trailer-tractors and rigid trucks, and 320 trailers. In the year ended March 1981, 36,300 tonnes were moved on international routes and 194,000 tonnes on domestic routes.

92. The requirements of CHL are as follows:

<u>Semi-trailer-tractors and rigid trucks</u>	<u>Thousands of kwacha</u>
Rehabilitation packages for 30 units (parts and components)	300
40 new vehicles, various	2,400
 <u>Trailers</u>	
Rehabilitation packages for 16 trailers (parts and components)	64
16 new trailers (replacements)	448
160 new trailers, various, to achieve appropriate tractor-trailer ratio	5,120
 <u>Transport equipment</u>	
400 HP heavy-duty tractor	200
80-tonne hydraulic low-loader	120
35-tonne mobile crane	280
20-tonne mobile crane	210
10 forklifts, various, average capacity 3.5 tonnes	250
 <u>Workshop equipment</u>	
Various	200
Total	<u>9,592</u>

(c) United Bus Company

93. Two new international routes were opened in the past year, namely, Lusaka-Salisbury (Zimbabwe) and Lusaka-Lilongwe (Malawi). In 1980, with an average fleet of 445 buses, UBZ carried 50.6 million passengers over 381 million passenger-miles.

94. In order to participate effectively in, and meet the demand of, tourist and other passenger road traffic in the region, UBZ needs 16 passenger coaches and 131 inter-city and city buses. The cost is:

	<u>Thousands of kwacha</u>
16 coaches	1,536
131 buses	8,384
Total	<u>9,920</u>

95. The requirement for workshops, identified in earlier reports, has been met with the assistance of the Netherlands.

3. Air transport

96. Zambia Airways has suffered considerable losses in the past two years. Certain unprofitable routes have been eliminated, and new profitable ones have been opened up. It is planned to acquire a fleet of small-capacity (20 seats) aircraft for lightly-travelled domestic routes, to add one medium-size jet for regional routes and possibly to acquire a wide-body jet for intercontinental routes. This acquisition programme would cost some K90 million. In addition, the technical infrastructure, servicing facilities and manpower training need strengthening, the estimated cost of which is K47.5 million.

B. Telecommunications

97. Existing telecommunications services to Zimbabwe are inadequate and have suffered war damage. Improvements in the links to the United Republic of Tanzania and Malawi are also needed. The requirements are:

	<u>Thousands of kwacha</u>
<u>Links with Zimbabwe</u>	
HF link via Chirundu	400
UHF link Siavonga-Lusaka (via Kariba and Karoi)	200
Improvement in existing telephone switching capacity	200
Expansion of telex services	100
<u>War-damaged installations</u>	
Rural exchanges and associated UHF/VHF facilities in the Zimbabwe border areas	1,500
<u>Improvements to the United Republic of Tanzania and Malawi</u>	
United Republic of Tanzania microwave link	150
Malawi microwave link	150
Total	<u>2,700</u>

C. Agricultural and other rehabilitation in the border areas

98. For seven years prior to Zimbabwe's independence, Zambia's agricultural development had been affected by armed attacks, the general security situation in the border areas and transport problems. With the independence of Zimbabwe, measures for rehabilitation and development projects in the border areas in agricultural and other sectors, which had to be postponed because of the security situation, are to be undertaken on an urgent basis subject to availability of domestic and external resources.

1. Water projects

(a) Catchment project - Kariba North, Gwembe district

99. This project, suspended because of security considerations, was revived in April 1981 and Dutch consultants are to complete the investigations, survey and design work for all of the 15 dams in the next 12 to 15 months. While assistance is being provided by the Netherlands, an additional \$2.9 million is required to purchase machinery and to establish construction units.

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(b) Water supply projects - Luangwa and Chirundu

100. The water supply works at the above stations were badly damaged and external assistance, amounting to \$1.2 million, is needed for rehabilitation.

(c) Water supply scheme: Sesheke district

101. This scheme forms a part of the Western Province Water Supply Programme which is under implementation with assistance from Norway.

2. Animal disease control projects

102. Contagious bovine pleuropneumonia is endemic in Angola, from where it came into Zambia in 1970. Since then measures to control the disease within Zambia have consisted of (a) identification and destruction of the diseased animals, (b) physical prevention of the entry of any cattle from Angola by means of a cordon fence, and (c) annual vaccination of the Zambian cattle raised between the international boundary and the cordon line. Owing to the deterioration of the security situation in the border area, patrolling of the cordon line became hazardous and, during 1979 and 1980, active cases of contagious bovine pleuropneumonia were discovered well inside the country. When the security situation improves, international assistance will be required to repair the cordon line.

103. An outbreak of foot-and-mouth disease was discovered near Mwandi in Sesheke district in October 1980. It is believed that the outbreak was caused by contacts with similar outbreaks in the Caprivi Strip. The Mwandi outbreak was the fourth within six years to have occurred on the north bank of the Zambezi between Livingstone and Sesheke. With assistance pledged by France, it is planned to take measures to keep the area free of the disease.

3. Repair and replacement of buildings and equipment

104. The needs for repair and replacement of buildings and equipment were detailed in the previous report of the Secretary-General (A/35/208-S/13924, annex, sect. V.C) and the total requirements were estimated to be about \$2.2 million (K1.9 million).

105. The Government informed the mission that, using its own resources, reconstruction of the Chirundu police, immigration and customs post (K750,000), the Kazungula police, immigration and customs posts (K133,000) and the Sesheke Secondary School (K500,000) have been completed. Besides these major works, communities in several localities have, through self-help programmes, reconstructed a number of school buildings, local churches and other public buildings.

106. Assistance is still required for the following projects identified in the previous report:

		<u>US dollars</u>
Replacement of speed boats for police and immigration departments	(K123,000)	144,400
Replacement of five vehicles for border patrol	(K35,000)	40,800
Telephone, electricity, water, communication and barriers at customs posts	(K94,000)	110,000

107. In addition, the buildings at Katima Mulilo need to be repaired.

4. Roads and bridges

108. Zambia's road network suffered heavily from excessive use during the closure of the traditional southern rail route. The main road from Botswana via Livingstone and other main roads, were damaged by heavy and overloaded vehicles. Moreover, some roads, such as the Kafue to Chirundu road which is the shortest route to Salisbury, could not be maintained during the war and are now fast deteriorating with the return of heavy traffic. Further, district and feeder roads could not be maintained properly owing to inadequacy of funds and equipment. Lastly, land-mines have to be removed from the border areas. Work has already started in the Gwembe-Siavonga and Chirundu areas in the Southern Province, and similar operations are planned for the Luangwa district of Lusaka Province and for Sesheke and other border areas in the Western Province. No estimate of expenditure is at present available for the above schemes. However, the Government would welcome suitable external assistance for their implementation both in cash and in kind.

109. Several major bridges were also destroyed by the illegal régime in Rhodesia in 1979. The reconstruction of all the damaged bridges is estimated to cost about \$9.7 million for which external assistance is required.

VI. PROGRESS IN IMPLEMENTING THE SPECIAL ECONOMIC ASSISTANCE PROGRAMME

110. Zambia has been receiving assistance from a number of sources. However, a number of projects have been identified in previous reports for which assistance is still being sought.

A. International assistance for specific development projects

111. The last report of the Secretary-General (A/35/208-S/13924) contained a list of Zambia's longer-term development projects and programmes which formed part of the country's Third Development Plan (1979-1983). The following table describes the projects for which assistance is still being sought:

Table 10

Present status of urgent development projects

Project and assistance required	Status	Estimated total cost (1979-1983)
(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	Already funded - no additional funds required
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	Already funded - no additional funds required
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

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Project and assistance required	Status	Estimated total cost (1979-1983)
		(Thousands of US dollars)
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 (Funds not required immediately)
6. <u>Central Veterinary Research Station</u>		
To complete work already started on the establishment of a Central Veterinary Research Station	Ongoing	930 (Required work in progress)
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	Fully funded
9. <u>Zambia Farm Development</u>		
To assist a parastatal agency for farms formerly financed exclusively by the Government	Ready for implementation	5,000
10. <u>AFE (Ltd.) (Tinkabi Tractor Project)</u>		
To provide for simple low-horsepower tractors suitable for use by small-scale farmers	Project discontinued	-

Project and assistance required	Status	Estimated total cost (1979-1983)
		(Thousands of US dollars)
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) Banana-ripening plants;		
(b) 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	Already funded with EEC assistance
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

Project and assistance required	Status	Estimated total cost (1979-1983)
		(Thousands of US dollars)
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	Already funded with Canadian assistance
17. <u>Additional projects</u>		
Cold Storage Board: Manufacturing industrial glue as a by-product from CSB's abattoir	Ready for implementation	130
18. <u>Irrigation schemes</u>		
To put up pilot medium-size irrigation projects in districts to demonstrate irrigation techniques to peasants	Feasibility studies being undertaken	9,000
19. <u>Trypanosomiasis and tsetse control:</u> 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 (Urgent)
20. <u>Regional and district diagnosis laboratories</u> - to establish provincial and district diagnosis laboratories for quick diagnosis of animal diseases	Ongoing	6,500

Project and assistance required	Status	Estimated total cost (1979-1983)
		(Thousands of US dollars)
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
B. <u>Industrial projects based on domestic raw materials</u>		
24. Alcohol distillery and fodder yeast plant <u>replaced by fuel alcohol-ethanol project</u>	Feasibility study completed	Not yet known
25. Kraft pulp and paper mill	Feasibility study in hand	125,000
26. Sulphuric acid plant	Partly funded	27,000
27. Copper fabrication plant (copper sheet)	Ready for feasibility study	Not yet known

Project and assistance required	Status	Estimated total cost (1979-1983)
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(Thousands of US dollars)

28. Ceramic project

10,700
 Funded

C. New projects

29. Chipata bicycle plant

Under implementation

9,400

30. Kitwe maize mill

Partly funded

10,500

B. List of additional projects

112. The Government also requested the mission to draw to the attention of the international community an additional list of projects for which it seeks international support. This list comprises projects for which the Government had wished to draw on its UNDP indicative planning figure, 1982-1986, but found that the available funding was insufficient.

113. The projects are listed below. Further information can be obtained from the Government of Zambia.

<u>Duration</u>	<u>Estimated cost</u>
A. <u>Agriculture, forestry and fisheries</u>	
1. National sheep and goat development programme	\$ 680,000
2. Improving traditional agriculture	\$1,220,000
3. Training Centre for Animal By-Products (Hides and skins)	\$ 450,000
2 years	
4. Agricultural Credit Training	\$ 340,000
2 years	
5. Rural Forestry Extension Service and Agricultural Development	\$ 346,900

	<u>Duration</u>	<u>Estimated cost</u>
6. Adaptive Research Planning (Luapula Province)	3 years	\$ 945,000
7. Strengthening forest management		\$ 237,300
8. Village grain storage extension		\$ 100,000
9. Grain legumes research and development	3 years	\$1,014,400
10. Livestock research and development, Phase I		\$ 520,000
Phase II		\$2,620,000
11. Planning and development for increased fish production	3 months	\$ 802,200
12. Forest industries development	3 years	\$ 564,300
13. Luangwa Valley wildlife conservation and development	3 years	\$ 272,000
14. Development and completion of Veneer and Plywood Testing Section		\$ 728,000
15. Development of pest and disease resistant maize	5 years	\$ 791,000
16. Domestication of wild edible fruit trees	4 years	\$ 812,300
17. Training at the Zambia Institute of Animal Health	4 years	\$1,800,000
18. Strengthening and Development Sawmill Section, Forest Products Research		\$ 740,000
19. Strengthening and development of sawdoctoring training and demonstration		\$ 638,000
20. Rehabilitation of existing equipment and machinery	12 months	\$ 685,000
21. Reinforcement of Forestry Department by provision of fellowships		\$ 800,000
22. Rationalization of land-use in game management areas		\$ 145,000

	<u>Duration</u>	<u>Estimated cost</u>
23. Wood Distillation Survey	3 months	\$ 63,000
24. Environmental study in Lower Zambezi game management area		\$ 75,000
B. <u>Industry</u>		
1. Establishment of an African Centre for Development of Clay-based Industries	2.5 years	\$ 387,200
2. Training-cum-production Centre for Refugees	1 year	\$ 750,000
C. <u>General development issues, policy and planning</u>		
1. Assistance to the Planning and Management Institute		\$ 672,000
D. <u>Natural resources</u>		
1. Strengthening the capacity of the Prescribed Minerals and Materials Commission		\$1,217,000
2. Water resources research (follow-up of NORAD/ UNESCO completed project)		n/a
3. Rural water supply development in Luapula and Northern Provinces	3 years	\$1,384,000
E. <u>Transport and communications</u>		
1. Assistance to civil aviation training and airport development	30 months	\$1,081,000
2. Telecommunications training	2 years	\$ 586,000
3. Three telecommunications service engineers		n/a
4. Zambia-Zimbabwe telecommunications link	2-3 months	\$ 100,000
F. <u>Health</u>		
1. Primary health care		n/a
2. Water supplies		n/a
3. Industrial pollution control - phase II		n/a

	<u>Duration</u>	<u>Estimated cost</u>
G. <u>Education</u>		
1. Assistance in the elaboration and use of facts - economic indicators in analysis and planning	3 years	\$ 40,000
2. Establishment of a National Unit for Evaluation of Social Projects and Programmes and the training of officials in evaluation methods	3 years	\$ 400,000
3. Integration of women in the process of development		n/a
H. <u>Employment</u>		
1. Skill and craft training for rural youth and in the urban informal sector		n/a
2. Hotel and tourism training		n/a
3. Assistance to the Village Industry Service		n/a
4. Labour-based rural road construction and maintenance		n/a
5. Labour-intensive public works		n/a
6. Follow-up of the second JASPA mission		n/a
7. Integration of women in co-operatives		n/a
8. Preparatory assistance to fishing co-operatives		n/a
9. Apprenticeship training and training by modules system		n/a
10. Setting up a national Employment Service Division in the Ministry of Labour		n/a
11. Survey of building (construction) co-operatives		n/a

	<u>Duration</u>	<u>Estimated cost</u>
I. <u>Science and technology</u>		
1. Consolidation of Radiation Protection Services in Zambia	3 years	n/a
2. Assistance to increase Zambia's national capacity in providing materials testing facilities	3 months	n/a
3. Assistance to strengthen the Water Resource Research Unit, NCSR, to carry out water resources project	3 years	n/a
4. Assistance to the Ministry of Industry/ National Council for Scientific Research in the transfer of technology		n/a
5. Strengthening of the Zambian meteorological services	3.5 years	\$ 707,000
6. Upgrading science courses for school leavers	5 years	n/a
7. Refresher course for secondary school teachers of science and mathematics	5 years	n/a
8. Improvement of science and mathematics teaching in schools	5 years	\$1,377,000
