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SPECIAL ECONOMIC AND DISASTER RELIEF ASSISTANCE:

SPECIAL PROGRAMMES OF ECONOMIC ASSISTANCE

SECURITY COUNCIL

Thirty-seventh year

Assistance to Zambia

Report of the Secretary-General

1. In its resolution 36/214 of 17 December 1981 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 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 General Assembly at its thirty-seventh session.
2. In pursuance of the resolution, the Secretary-General arranged for a mission to visit Zambia in June 1982 to consult with the Government. The mission's report, which is annexed hereto, summarizes the difficult economic and financial situation of the country and stresses the major problems in the balance of payments and the mining sector, describes Zambia's main requirements for external assistance and reports on the implementation of the special economic assistance programme.
3. In paragraph 7 of resolution 36/214, the General Assembly invited a number of specialized agencies and other 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 July 1982. The responses of the organizations will be 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/37/150.

ANNEX

Report of the review mission to Zambia

(18-24 June 1982)

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I. INTRODUCTION

1. Previous reports of the Secretary-General on assistance to Zambia (A/33/343, A/34/407, A/35/208-S/13924, A/36/270-S/14673 and Corr.1 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 17 December 1981, the General Assembly adopted resolution 36/214 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-seventh session.
3. The Secretary-General arranged for a mission to visit Zambia from 18 to 24 June 1982 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.
4. The leader of the mission was received by the President of the Republic of Zambia, His Excellency Dr. Kenneth D. Kaunda, who described the general economic situation of the country as well as recent developments in the region and outlined the urgent requirements for assistance.
5. The mission had meetings with the Permanent Secretary of the Ministry of Finance, the Permanent Secretary of the Ministry of Power, Transport and Communications, the Permanent Secretary of the Ministry of Agriculture and Water Development, the Permanent Secretary of the Ministry of Home Affairs, and the Special Assistant to the President for Economic Affairs. During these meetings a review of the general situation and specific items was undertaken and the needs for international assistance were examined.
6. The Government of Zambia had prepared a comprehensive background paper on the economic situation to facilitate the work of the mission. Furthermore, the mission held meetings 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.

7. The mission wishes to record its appreciation of 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. ECONOMIC SITUATION

A. General

8. Previous reports of the Secretary-General reviewed Zambia's serious economic and financial situation since the closure of the border with Southern Rhodesia in January 1973, in accordance with earlier decisions of the Security Council. In short, the estimated real gross domestic product (GDP) per capita - the estimated population in 1981 was 6 million compared to 4.7 million in 1973 - has fallen by 27 per cent in that period. In 1981, real GDP fell by 1.8 per cent after having shown a modest growth of 3.1 per cent in 1980. Zambia's continuing economic difficulties are, to a large extent, a reflection of the great economic burden resulting from the closure of the border between 1973 and 1979. It is clear that, acting in the interest of the international community, Zambia has borne an enormously disproportionate share of the costs of imposing economic sanctions on the illegal régime then in power in Southern Rhodesia.

9. Table 1 shows the development of some of the principal economic indicators since 1970.

10. If the GDP in 1970 prices (table 1) is adjusted for the rapidly deteriorating terms of trade, it fell from K 1,278 million in 1970 to K 1,048 million in 1976, K 875 million in 1979, K 938 million in 1980, and only K 825 million in 1981. Thus the real economic resources available to Zambia declined by about 20 per cent between 1976 and 1981, and by about 35 per cent since 1970.

11. As a landlocked country, Zambia's economic problems in the first years after the 1973 border closure derived largely from the question of how to move its imports and exports overland to and from the nearest ports (initially, principally by road to Dar es Salaam and rail to Lobito; later, principally by road and rail to Dar es Salaam). However, in the second half of the 1970s and especially at the end of the decade, while external transport remained a difficult constraint, the greatest economic problem came to be the large and chronic shortage of foreign exchange. In part this was a result of the "second round" of price increases in the world petroleum market and of partial failures of the maize crop in certain years, necessitating large imports of this staple food. However, the severe decline in the price of copper, by an average of 11.3 per cent per annum in real terms during the decade, has been the largest contributing factor (copper exports contribute nearly 90 per cent of Zambia's total exports). The average price of copper in 1981 was about 10 per cent below that of 1980; in the first six months of 1982 the price dropped further, and at mid-1982 stood about 12 per cent lower than the 1981 average.

Table 1. Selected economic indicators

Key: ... = not available

	1970	1973	1976	1979	1980	1981 (provisional)
<u>National income</u>						
GDP (constant 1970 prices, in millions of kwacha a/)	1 278	1 438	1 500	1 329	1 370	1 345
GDP <u>per capita</u> (constant 1970 prices, in kwacha)	301	307	291	238	232	223
(Percentage change from previous year)	-	(-0.3)	(+1.0)	(-10.9)	(-2.5)	(-3.9)
GDP (current prices, in millions of kwacha)	1 278	1 529	1 870	2 598	2 986	2 990
Population increase (percentage)	3.1	3.3	3.2	3.2	3.3	3.3
<u>External sector</u>						
Copper production (thousands of tonnes)	683	681	713	578	610	560
Copper exports (thousands of tonnes)	684	670	746	646	619	571
Terms of trade index	100	91	47	49	41	34
Balance of payments on current account (millions of kwacha)	+77	+93	-45	+46	-408	-478
External public debt (millions of kwacha)	132	317	552	766	1 037	1 088
<u>Economic activity</u>						
Index of manufacturing output	82	100	102	104	105	104
Construction index	100	111	110	77	88	85
Employment (Zambians, in thousands)	316	348	341	351	367	371
Marketed maize production (thousands of tonnes)	251	383	570	324	378	693

/...

Table 1 (continued)

	1970	1973	1976	1979	1980	1981 (provisional)
<u>Economic activity</u>						
Private consumption (constant 1970 prices, in millions of kwacha)	490	443	432	530	589	574
Government consumption (constant 1970 prices, in millions of kwacha)	206	273	292	249	275	245
Gross fixed capital formation (constant 1970 prices, in millions of kwacha)	379	362	331	133	175	166
(Percentage of GDP)	(29.6)	(25.2)	(22.1)	11.6)	(11.8)	(12.3)
Government recurrent balance (millions of kwacha)	+51	-9	-166	-198	-255	-326
Government over-all balance (millions of kwacha)	+51	-107	-190	-322	-446	-441
Internal public debt (millions of kwacha)	177	264	344	396	438	...

a/ Rate of exchange, mid-1982: K 0.91 to \$US 1.00.

/...

12. Table 2, which combines the effect of falling copper prices and international inflation, shows the magnitude of the problem.

Table 2. Index of the international
purchasing power of copper

1970 -	100
1973 -	91
1976 -	46
1979 -	42
1980 -	35
1981 -	26

13. In the first years after the border closure, productive investments, agricultural development and economic diversification generally were severely constrained by transport bottlenecks affecting external trade. In the latter part of the 1970s, the situation was exacerbated by severe foreign exchange shortages. Thus by the time the southern border was re-opened and Zimbabwe became independent, the Zambian economy had been too weakened by many years of scarcity of real resources and declining public and private sector investment to recover rapidly. As can be seen from table 1, gross fixed capital formation fell from almost 30 per cent of GDP in 1970 to about 12 per cent in 1980-1981; the latter rate is probably insufficient to maintain the country's capital stock, particularly bearing in mind the capital intensity of the mining industry. In 1982, gross fixed capital formation is projected at 13.6 per cent of GDP.

14. The foreign exchange shortage is now a crippling burden. Not having had the resources to significantly diversify away from copper, Zambia is compelled to keep the industry operating simply in order to obtain foreign exchange and to avoid massive unemployment; meanwhile production costs today are 30 per cent above the selling price, and the resultant losses are a severe drain on the economy and on government revenue.

15. The structure of Zambia's GDP is shown in table 3.

Table 3. Gross domestic product by economic activity
(Millions of kwacha at constant 1970 prices)

	1976	1977	1978	1979	1980	1981 (provisional)	1982 (projected)
Total GDP	1 500	1 428	1 455	1 329	1 370	1 345	1 400
Agriculture, forestry, fisheries	167	168	172	151	156	172	160
(Percentage of total)	(11.1)	(11.8)	(11.8)	(11.4)	(11.4)	(12.8)	(11.4)
Mining and quarrying	503	470	494	391	399	352	375
(Percentage of total)	(33.5)	(32.9)	(34.0)	(29.4)	(29.1)	(26.2)	(26.8)
Manufacturing	152	141	152	152	154	153	158
(Percentage of total)	(10.1)	(9.9)	(10.4)	(11.4)	(11.2)	(11.4)	(11.3)
Electricity, gas, and water	53	58	58	63	67	72	77
(Percentage of total)	(3.5)	(4.1)	(4.0)	(4.7)	(4.9)	(5.4)	(5.5)
Construction	100	90	82	69	79	77	80
(Percentage of total)	(6.7)	(6.3)	(5.6)	(5.2)	(5.8)	(5.7)	(5.7)
Transport and communications	67	62	62	62	65	62	67
(Percentage of total)	(4.5)	(4.3)	(4.3)	(4.7)	(4.7)	(4.6)	(4.8)
Services and other	458	439	435	441	450	457	483
(Percentage of total)	(30.5)	(30.7)	(29.9)	(33.2)	(32.8)	(33.9)	(34.5)

a/ Taking into account the partial drought in the 1981/82 season which significantly affected maize production.

16. The percentage changes in GDP, by economic activity, from 1980 to 1981, were as follows:

Total GDP	-1.8
Agriculture, forestry, fisheries	+10.3
Mining and quarrying	-11.8
Manufacturing	-0.6
Electricity, gas, and water	+7.5
Construction	-2.5
Transport and communications	-4.6
Services and other	+1.6

The weakness of the mining and construction sectors, which have accounted for a declining share of a falling real GDP in recent years, is evident. However, the farming sector had a most encouraging year in 1981, with real output increasing by about 10 per cent. This reflects the very positive efforts of the farming community, changes in producer prices, supportive government policies and reasonably good weather.

17. Copper production fell from 610,000 tonnes in 1980 to 560,000 tonnes in 1981. Exports in those years were 619,000 and 571,000 tonnes respectively. The decline in production is attributed to deteriorating ore grades, shortages of skilled manpower, labour unrest, and recurring shortages of spare parts. Production in 1982 is expected to be around 610,000 tonnes and sales are projected at 597,000 tonnes. The cost of machinery and equipment and other inputs for the mining industry has been escalating by 15 to 20 per cent per annum and, with falling prices, the over-all result has been a severe deterioration in the financial position of the mines, necessitating heavy recourse to bank credit to the detriment of credit availability to other sectors. The current cost production is about 30 per cent above the price of copper (which is showing continuing weakness), and the situation is extremely serious. The two major mining companies were recently merged to form Zambia Consolidated Copper Mines (ZCCM), and it is hoped that this will lead to rationalization of operations and the achievement of cost reductions. In late 1981, agreement was reached in principle that, in view of the impact of declining copper prices, Zambia would receive from the European Economic Community (EEC) a soft loan of some \$60.5 million under SYSMIN - an assistance measure for selected minerals under the second Lomé Convention. This loan will be used for specific projects in the mining industry, co-financed by the Government, amounting to some \$93 million.

18. Cobalt, which has in recent years become an increasingly significant foreign exchange earner, is also suffering from an extremely weak market. The current open-market price of around \$8 per pound compares to \$14 in mid-1981 and almost \$25 per pound in 1980. Because of the recession in industrialized countries, sales have declined sharply, and as of mid-1982 Zambia held a stockpile in excess of 2,000 tonnes (about 10 months' production). Projected sales in 1982 are about 3,000 tonnes.

19. In early 1981, Zambia had negotiated with the International Monetary Fund (IMF) an extended fund facility of SDR 800 million (about K 820 million) to be drawn over three years in the context of a three-year investment programme for economic rehabilitation. In 1981, K 302 million was drawn but, because of the increasingly difficult economic situation - which led to unavoidable domestic credit expansion - this facility is no longer in effect, having been replaced in 1982 by an annual standby programme under which it may be possible to obtain some K 200 million to K 270 million during 1982. In addition, IMF provided K 60 million in compensatory financing for the shortfall in copper export earnings in 1981, and a further amount (tentatively estimated at K 40 million) is expected this year. Repayments to IMF will amount to some K 80 million in 1982.

20. The severe foreign exchange shortage is reflected in Zambia's difficulty in managing its external payments arrears. These stood at K 472 million at the end of 1980; during 1981 they rose to K 560 million but, drawing on IMF support, fell to K 420 million at the end of the year. In mid-1982, the arrears had once again risen, to K 555 million, and no reduction can be foreseen in the short term. These arrears alone represent about six months' export earnings, and must be seen in conjunction with the public external debt (excluding liabilities to IMF) of almost K 1,100 million plus the Government-guaranteed external debt of the parastatal sector of some K 500 million, which together carry an annual servicing burden in excess of K 100 million.

B. Balance of payments

21. The balance of payments in recent years is shown in table 4.

22. In 1981, copper accounted for about 87 per cent of total export earnings, cobalt for about 7.5 per cent, and zinc and lead for about 3 per cent; historically, the mineral sector has contributed 95 per cent or more of export earnings. To a large extent, the manufacturing and construction sector are dependent on imports, as is the commercial farming sector. The mining industry itself is a major consumer of imports. Also, a significant proportion of private and government consumption is import-oriented. Therefore with its present economic structure, Zambia has no choice but to continue to produce copper even though this at present leads to large financial losses.

23. While imports appear to have risen rapidly since 1979, in real terms they have remained constant.

24. With the large negative over-all balances since 1980, external payments arrears had accumulated to some K 555 million by mid-1982. To deal with the situation certain foreign exchange incentives were introduced in 1982: a 50 per cent credit of foreign exchange earned by exports towards future foreign exchange allocations; preferential tax rates on income earned from exports; and foreign remittance bonuses, related to production levels of maize, wheat and soya beans, to commercial farmers.

Table 4. Balance of payments 1977-1982

(Millions of kwacha)

	1977	1978	1979	1980	1981 (provisional)	1982 (projected)
Exports f.o.b.	706	674	1 091	1 002	870	1 100
Imports f.o.b.	<u>539</u>	<u>496</u>	<u>598</u>	<u>883</u>	<u>937</u>	<u>1 210</u> a/
<u>Trade balance</u>	+168	+178	+493	+119	-67	-110
Non-factor services (net)	-170	-187	-288	-290	-165	-320
Investment income (net)	-105	-110	-99	-167	-200	-100
Unrequited transfers (net)	<u>-65</u>	<u>-65</u>	<u>-60</u>	<u>-70</u>	<u>-46</u>	<u>-45</u>
<u>Net invisibles</u>	-340	-362	-447	-527	-411	-465
<u>Current account balance</u>	<u>-172</u>	<u>-184</u>	<u>+46</u>	<u>-408</u>	<u>-478</u>	<u>-575</u>
<u>Net capital account</u>	<u>-52</u>	<u>-75</u>	<u>+122</u>	<u>+138</u>	<u>+208</u>	<u>+350</u>
<u>Over-all balance</u>	<u>-224</u>	<u>-259</u>	<u>+168</u>	<u>-270</u>	<u>-270</u>	<u>-225</u>

a/ Includes provision for maize imports because of partial drought in 1981/82 growing season.

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C. Government budget

25. Table 5 shows the development of the Government's budgetary position since 1977.

26. Because of the financial difficulties of the mining companies, mineral revenues fell from K 42 million in 1981 to K 8 million in 1981, and no mineral revenue is budgeted for 1982. This is a severe setback; in 1970 and 1974 mineral revenue had represented about 40 per cent of total revenues. In 1981, income tax amounted to K 303 million and customs and excise revenues to K 422 million; these are expected to rise to K 352 million and K 514 million respectively in 1982. Customs and excise taxes, representing about 50 per cent of total revenues, depend on the level of imports and the level of domestic manufacturing output, which in turn fluctuate with the availability of foreign exchange. Budgetary revenues are thus dependent on copper prices in several ways.

27. A number of revenue-enhancing measures have been introduced in 1982, which are expected to raise an additional K 138 million. A 1.5 per cent levy on the Government's equity in non-profit-making parastatal companies has been introduced. A one-time increase in corporate tax revenue will be realized by assessing estimated taxes on a current basis, rather than collecting taxes after the conclusion of the financial year. New excise duties on alcohol, tobacco, and petroleum products will raise an additional K 72 million. Changing to ad valorem customs duties, and imposing an import licence levy, will raise an additional K 29 million.

28. During the 1970s constitutional and statutory expenditures, which include defence and public debt servicing, increased rapidly in relation to public sector investment and expenditures on educational and health services. The confrontation with Southern Rhodesia and the increasingly difficult economic situation made this to a large extent unavoidable. In 1982, this situation is beginning to reverse itself. Capital expenditures (excluding capital grants) had fallen from 27 per cent of total government expenditure in 1976 to 18 per cent in 1980, and only 12 per cent in 1981, but are projected at 24 per cent in 1982. Capital expenditures will emphasize the completion of ongoing projects and new directly productive projects. Expenditures on education and on health are budgeted to rise 17 per cent and 21 per cent respectively in 1982.

Table 5. Government budget 1977-1982

(Millions of kwacha)

Item	1977	1978	1979	1980	1981 (preliminary)	1982 (budget)
<u>Current account</u>						
Recurrent revenues	499.1	549.0	592.8	767.6	818.0	975.4
Recurrent expenditures, of which subsidies	660.7 (66.2)	647.1 (42.1)	791.0 (102.1)	1 022.6 (257.9)	1 144.2 (177.4)	1 056.5 (182.4)
Deficit	161.6	97.2	198.2	255.0	326.2	91.1
<u>Capital account</u>						
Capital receipts	+40.7	+34.4	+41.9	+40.7	+41.2	+62.9
Capital expenditures	160.3	168.3	165.4	231.7	155.9	331.6
Net capital	-119.6	-133.9	-123.5	-191.0	-144.7	-268.7
<u>Over-all deficit</u>	<u>281.2</u>	<u>231.1</u>	<u>321.7</u>	<u>446.0</u>	<u>440.9</u>	<u>349.8</u>
<u>Financing</u>						
Internal	221.4	171.1	141.4	362.6	199.6	178.7
External	57.8	60.0	180.3	83.4	241.3	171.1

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29. The capital budget of K 332 million for 1982 is expected to be financed from various multilateral and bilateral assistance programmes, with foreign loans amounting to K 230 million (including K 50 million in commodity aid, which will be sold and the proceeds used for capital projects), and external grants amounting to K 40 million. The remaining K 62 million will be financed internally. The capital budget has been allocated as follows:

Table 6. Allocation of government capital expenditures, 1982

	Millions of kwacha	Percentage
<u>Economic services</u>		
Agriculture, water and lands	72.9	22.0
Roads	81.8	24.7
Manufacturing sector	30.1	9.1
Transport and communications	28.0	8.4
All other	12.4	3.7
<u>Social services</u>		
Education	14.3	4.3
Health	11.8	3.6
Housing	38.3	11.6
All other	11.0	3.3
<u>General services</u>	19.3	5.8
<u>Allotted to provinces</u>	<u>11.7</u>	<u>3.5</u>
Total	<u>331.6</u>	<u>100.0</u>

30. As of mid-1982, the Government was undertaking a thorough review of the 1982 budget, but the outcome of that review was not available at the time of the mission's visit.

D. Regional co-operation

31. The previous report of the Secretary-General (A/36/270-S/14673 and Corr.1) described Zambia's responsibilities under the Southern Africa Development Co-ordination Conference (SADCC)*, and identified a number of projects relating largely or in part to Zambia that were included in SADCC programmes. Since that time, additional projects have been identified and brought to the attention of the donor community. Furthermore, agreement has been reached to establish the SADCC secretariat in Botswana, from which additional information on SADCC programmes and developments can be obtained.

III. SPECIAL FEATURES OF THE SITUATION IN ZAMBIA

A. Transport system

32. The problem of transport in Zambia's external trade has always been a central issue in the reports of the Secretary-General on assistance to Zambia. From the time of the border closure with the then Southern Rhodesia in 1973 until 1979, the problem was basically one of redirecting the heavy pre-1973 traffic, which used to go via Southern Rhodesia, to the ports of Dar es Salaam and Lobito (after 1975, Lobito traffic largely ceased). Since the reestablishment of traffic via Zimbabwe in 1979, the over-all problem has eased, although many specific problems and bottlenecks remain. Because Zambia depends to a high degree on external trade, its policy is to keep a number of routes fully operational in order to reduce the country's vulnerability to sudden disruptions over which it has no control. Table 7 shows traffic over the various routes since 1978.

33. The fall in total external trade tonnage in 1981 is largely a reflection of the slowdown in economic activity owing to the extreme foreign exchange shortage.

34. Zambia's transportation system, and its links with transportation systems and ports in other countries in the region, are critical elements in the regional transport and communications programmes of SADCC.

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

Table 7. Zambia's external trade traffic
 (Thousands of tonnes)

	1978	1979	1980	1981
Zaire (rail)	98	53	46	24
Dar es Salaam (road)	226	305	365	235
Dar es Salaam (rail)	856	452	517	535
Nacala/Beira via Malawi (road/rail)	33	46	8	3
Beira (road/rail)	71	21	-	14
Zimbabwe (road)	-	-	74	52
Zimbabwe (rail)	136	637	638	512
Botswana (road)	34	1	-	1
Other (including air)	17	32	23	17
Total	<u>1,471</u>	<u>1,547</u>	<u>1,671</u>	<u>1,393</u>

B. Agriculture

1. Food situation in 1981

35. Food production registered a marked increase in 1980/81 and the country was able to meet almost all of its staple food requirements of maize. Wheat and rice production also registered an increase but covered only a small portion of the country's annual consumption (see table 8).

Table 8. Cereal situation in 1981 a/
 (Tonnes)

Cereal	Requirement	Production	Deficit
Maize	720,000	693,000	27,000
Wheat	115,000	8,884	106,116
Rice	4,000	2,779	1,221
Total	<u>839,000</u>	<u>704,663</u>	<u>134,337</u>

a/ In the marketed sector.

2. Cash crops in 1981

36. Sunflower seeds: The marketed production increased to 18,700 tonnes as against 17,200 tonnes in 1980.

Soya beans: The marketed production increased to 3,690 tonnes as compared to 3,510 tonnes in 1980.

Groundnuts: The marketed production declined further, from 2,250 tonnes in 1980 to 1,488 tonnes in 1981.

3. Food situation in 1982

37. The beginning of the 1981/82 season was marked by a partial drought which lasted until the end of 1981, and the Government had to spend K 0.8 million on famine relief operations in the Western Province in the latter part of the year. The dry spell resulted in late planting in the small-scale and large-scale sectors. The drought has in particular affected small farms. For the few farmers in the commercial sector who managed to plant early, the drought caused poor germination and unsatisfactory early growth so that these farmers were forced to replant part of the cultivated area in late December and early January. Moreover, the drought resumed towards the end of the season. As a consequence, the marketed production of maize is estimated at only 468,000 tonnes. The total deficit of cereals during 1982 is estimated at over 353,000 tonnes (see table 9).

Table 9. Cereal situation in 1982 a/
(Tonnes)

Cereal	Requirement	Production	Deficit
Maize	720,000	468,000	252,000
Wheat	115,000	14,589	100,411
Rice	4,000	2,908	1,092
Total	<u>839,000</u>	<u>485,497</u>	<u>353,503</u>

a/ In the marketed sector.

38. The Government has finalized arrangements for the commercial import of 90,000 tonnes of maize to meet the national shortfall. It has also received a donation of 2,500 tonnes from Australia. International assistance is required, in cash or kind, to meet the remaining food deficit.

39. The national maize stocks, held both by the Marketing Unions and the National Agricultural Marketing Board (NAMBOARD), have been steadily declining. In October 1981, as a result of the previous good harvest, they stood at 341,400 tonnes. However, at the end of May 1982, the stocks of maize had dwindled to only 108,300 tonnes (see table 10).

Table 10. Maize sales and stocks for the period ending May 1982
 (Thousands of tonnes)

	1981			1982				
	Oct.	Nov.	Dec.	Jan.	Feb.	March	Apr.	May
Opening balance	300.6	341.4	321.0	282.5	242.0	201.1	156.5	121.7
Purchase	92.3	21.9	12.4	5.1	5.1	15.8	6.3	14.0
Imports			2.4	.5				14.8
Subtotal	392.5	363.3	335.8	288.1	247.1	216.9	162.8	150.5
Consumption	51.5	42.3	53.3	46.5	46.0	60.4	41.1	42.2
Closing balance	341.4	321.0	282.5	241.6	201.1	156.5	121.7	108.3

40. Small increases are expected in the marketing of livestock during the current season despite the problems likely to be experienced in the supply of stock feed and continued outbreaks of diseases in some parts of the country (see table 11).

Table 11. Marketed production of livestock commodities in Zambia
 (1981-1982)

Commodity	Unit	1981 (actual)	1982 (expected)
Cattle	Head	100,000	106,000
Pigs	Head	60,000	63,000
Poultry	Birds	18,000,000	19,000,000
Milk	Litres	20,200,000	21,500,000
Eggs	Unit (10)	14,000,000	15,000,000

41. A part of the country's meat requirements were met through beef imports in the past. The expected increase in beef production is not likely to be sufficient to meet the deficit but, owing to the lack of foreign exchange, the Government is not planning any beef imports this year.

4. Agricultural and food problems

42. The National Agricultural Marketing Board (NAMBOARD) continues to face problems because of the shortage of fertilizers and storage facilities both for grain and fertilizers. Furthermore, owing to the limited amount of cash at its disposal, NAMBOARD is unable to purchase all of the available grain. Transport difficulties further hinder food procurement and supply of fertilizer to the rural areas.

43. The Government informed the mission that continued South African interference in the Western Province has also affected the food situation.

44. Pig farms and poultry establishments are facing difficulties because of a shortage of stock feed. Fish meal and concentrates are in short supply and lack of maize is now aggravating the situation.

5. Agricultural programmes

45. The Government has been deeply concerned over the uncertainty of the supply of the staple food, maize. With the objective of achieving self-sufficiency in food production, it launched a 10-year Operation Food Production Programme in 1980 with a planned investment of K 400 million to be met from foreign and local resources. To date, agreements have been signed with ADB, EEC and Canada for feasibility studies for large-scale state farms to be established under the Programme. The Programme made good progress during 1980/81 and the agricultural sector recorded an estimated growth rate of some 10 per cent as compared to 3.2 per cent in the 1979/80 season. However, as mentioned above, the insufficient rain has resulted in a poor harvest of maize in the 1981/82 season.

46. The Government has provided major incentives to farmers. The producer prices for major crops have been revised upward as compared to those of the last season (see table 12).

47. It is the policy of the Government to continue to provide incentives to the agricultural sector, wherever possible, through pricing and credit policies and to correct the adverse internal terms of trade faced by the agricultural sector vis-à-vis the urban sector. The Government is also encouraging the cultivation of additional land. Furthermore, it has provided agricultural inputs to the farmers and improved transport services in the rural areas.

Table 12. Changes in producer prices of major crops over the 1980/81 and 1981/82 seasons

(Kwacha per bag)

Crop	1980/81	1981/82	Percentage increase
Maize	13.50	16.00	18.5
Paddy rice	18.60	28.00	50.5
Wheat	26.00	32.00	23.0
Sunflower seeds	17.60	20.75	17.9
Soya beans	36.30	42.31	16.5
Groundnuts	42.70	48.00	12.4

48. In addition, the Government plans to take a number of other measures:

(a) It proposes to strengthen extension services and to increase storage capacity. The present storage facilities for 8 million bags are to be increased by 3 million bags. Saudi Arabia has pledged K 2 million for this purpose and assistance is also expected from Australia, Canada, Czechoslovakia, Yugoslavia and EEC. However, there is still a need for additional international assistance for the construction of storage silos.

(b) The research facility at Mount Makulu has been engaged in the development of varieties of maize better suited to national needs and has achieved success in producing a drought-resistant variety. International assistance is required for the continuation and expansion of this work.

(c) In order to meet the serious shortage of stock feed, international assistance is urgently required for the import of fishmeal and concentrates.

(d) Owing to the foreign exchange constraint, assistance is also needed to meet the chronic shortage of cattle-dipping chemicals.

C. Refugees

49. Previous reports have emphasized the heavy burden carried by the Zambian economy as a consequence of providing refuge to over 42,000 people from the neighbouring countries. The Government informed the mission that refugees are still arriving, particularly in the western part of the country. Detailed information on refugee programmes in Zambia is provided in the annual report of the United Nations High Commissioner for Refugees to the General Assembly and the special programme of assistance for student refugees in southern Africa, initiated

following the Soweto riots in June 1976 and co-ordinated by the High Commissioner, is the subject of a separate report of the Secretary-General in response to General Assembly resolution A/36/170.

50. A large number of people, particularly in the Western province, are spontaneously settled and are not covered by refugee programmes. They constitute a direct burden on the economy of Zambia. They participate on an equal footing with nationals in education, health and other essential services, compete for the few available jobs and add to the nation's food deficit. Indeed, even those refugees whose costs are covered by refugee programmes, constitute a significant burden on the government budget as, in most cases, payments for education, health and other services made available to refugees are well below true costs. The refugees in the Western province are among the large group of people seriously affected by drought during 1981-1982 for whom emergency assistance is needed (WFP is providing \$2 million in emergency food aid).

51. The Government stressed the urgent need to find long-term solutions to the refugee problem. However, a sizeable refugee population is likely to remain in Zambia for some time to come. There will be, consequently, a continuing need for international assistance to strengthen existing infrastructure in the areas of refugee concentration in the Western, North-Western and Luapula provinces.

52. The Government prefers to integrate refugees into the life of the community and therefore seeks international assistance for national projects and programmes from which refugees will benefit in return for guaranteed access by refugees to the national services. This general approach is becoming increasingly necessary as the opportunities for resettlement of refugees in other countries are becoming more and more limited. In this connexion, the Government informed the mission of its deep concern that the international donor community had not responded adequately to the special needs of African countries at the International Conference on Assistance to Refugees in Africa held in Geneva in April 1981.

IV. NEEDS FOR RECONSTRUCTION AND REHABILITATION

A. Transport

1. Railways

(a) Zambia Railways

53. Zambia railways carried 4.8 million tonnes of cargo traffic in the financial year April 1980-March 1981, compared to 5 million tonnes the year before. In the six months to September 1981, 2.2 million tonnes were carried, which shows a continuation of the slight downward trend since early 1980. To a great extent these figures reflect the sluggish state of the economy.

54. By the end of 1981, a total of 918 wagons had been placed in service under the World Bank's third railway project. With this support, and that of EEC, the wagon

fleet for cargo is expected to be satisfactory by early 1983. However, assistance is still needed for the purchase of 42 passenger coaches at a cost of \$16.2 million.

(b) Tanzania/Zambia Railway (TAZARA)

55. This line has a design capacity of 2 million tonnes per annum. However, after reaching a high of 1.3 million tonnes in the financial year 1977/78, traffic declined to 0.75 million tonnes in 1980-81 (these figures include internal traffic in the two countries).

56. The volume of traffic on TAZARA is constrained by several factors other than Zambia's foreign exchange shortage, the most important being deficiencies in motive power availability, periodic congestion and clearing and payments problems at Dar es Salaam port, slow wagon turnaround, and strong price competition from road hauliers.

57. Of the present stock of 79 locomotives, the average availability in 1981 was only 22 at any one time, well below the average figure of 42 in 1980. In early 1982, locomotives had to be borrowed from Zambia Railways to ease the congestion caused by motive power shortages. The principal difficulty has been engine breakdowns, and a programme of re-engining is now under way at a cost of about \$825,000 per locomotive (two engines per locomotive). Four diesel-electric locomotives have been repowered to date, another 8 should be completed this year, and at least 8 more in 1983. It is planned to repower a total of 40 locomotives in all. The locomotive fleet will also be greatly strengthened by the acquisition of 9 new 2000-h.p. units, financed by loans to Zambia and Tanzania from the Federal Republic of Germany totalling DM 30 million, and the purchase by Zambia, with its own funds, of 5 more of these units from the Federal Republic of Germany. Additional funding of about \$7.3 million is sought for another 5 units. The locomotive repowering and acquisition programmes are both SADCC regional transportation projects.

58. Funding of about \$22 million is sought for 400 additional freight cars for TAZARA. This is also a SADCC project. In mid-1982, wagon turnaround time on the TAZARA line fell slightly below the 20 days reported in the first half of 1981, but it remains well above the design period of 10 days.

59. TAZARA also has the following requirements for which external assistance is sought: warehousing and marshalling yards at KAPIRI Mposhi (\$10 million); two breakdown cranes (\$700,000); two wheel lathes (\$170,000); and mechanical handling equipment (\$7 million). Also needed are: supplies of automatic trainstop devices and portable radios for shunting; an operations model room for the training school at Mpika; and scholarships for key staff to upgrade their technical and management skills.

2. Road transport

60. 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

61. The performance of ZTRS in recent years has been as follows:

Table 13. Zambia-Tanzania Road Services freight
 (Tonnes)

	1978/79	1979/80	1980/81
		(July-June)	
Exports	202,000	186,000	176,000
Imports	187,000	158,000	138,000
Total	389,000	344,000	314,000

62. The declining trend since 1979 has been due largely to the reopening of the southern rail route through Zimbabwe. Also, from mid-1981 onwards, the slowdown in imports generally has had a particularly strong impact on ZTRS; at times, large numbers of trucks have waited for extended periods in Dar es Salaam for import cargo. In view of this situation, which may continue in the short term, the company is making efforts to diversify into other routes.

63. The most immediate need of ZTRS is to replace a number of obsolete trucks (cost: \$550,000). In the medium term, the truck and trailer replacement programme will cost some \$6 million.

(b) Contract Haulage Ltd.

64. CHL carries maize, fertilizer, steel and other goods on the southern and eastern routes, and is the principal domestic transporter of cargo (including bulk petroleum products) by road. The company's recent performance has been as follows:

Table 14. Contract Haulage freight
 (Tonnes)

	April/March	
	1980/81	1981/82
International	100,000	98,000
Domestic	435,000	425,000
	<u>535,000</u>	<u>523,000</u>

65. Assistance has been provided to CHL by the Federal Republic of Germany and by Sweden. In order to adequately and effectively meet the demand for its services, further support is needed for the purchase of 25 tanker vehicles and 20 tri-axle vehicles (total cost: \$2.75 million).

(c) United Bus Company

66. The average vehicle availability for UBZ has been about 440 units (some 75 per cent); 120 new buses, financed on supplier's credit, are arriving during 1982. During 1980 and 1981 the number of passengers carried declined slightly, but this has been a reflection of the inability of UBZ to meet demand. The situation is now improving but, in addition to the 120 buses contracted for, an additional 131 buses (\$9.2 million) and 16 coaches (\$1.7 million) will be needed in the near future, both for replacement and expansion. There are also shortcomings in the present ticketing system and assistance is needed to purchase 730 ticket-machines (estimated cost \$825,000).

3. Air transport

67. Several projects to improve airfields in Zambia fall under the SADCC programme. These include Southdowns airport at Kitwe (\$14.4 million), Ndola airport (\$21.2 million), Livingstone airport (\$14.3 million), and the airfield at Kasaba Bay (the design work - estimated at \$825,000 - will determine implementation cost). Lusaka international airport also needs improvements, including a new maintenance hangar, for which detailed cost studies are being undertaken.

68. Within the SADCC civil aviation programme, the Zambia Air Services Training Institute (ZASTI) has been designated as a regional training institution. Assistance is urgently sought for the further development of ZASTI in order that it may meet its obligations to other countries in the region.

69. Zambia Airways experienced its largest-ever loss, \$14.4 million, in 1981, and is facing severe liquidity difficulties. Various possibilities for restructuring the company's capital base are under urgent review. This problem has arisen at a

time when the airline faces the need to make substantial adjustments to its fleet, first, to place smaller planes on certain low-density domestic routes and, secondly, to replace its Boeing 707 fleet serving Europe because of expected noise restrictions at receiving airports. Several options are under consideration and, when policy has been established, the Government expects to approach the international community for assistance.

B. Telecommunications

70. Several international telecommunications projects falling under the SADCC programme have been funded and are now being implemented. They are:

- (a) The connexion of Livingstone to the new Bulawayo-Francistown microwave link, financed by Sweden and Norway;
- (b) A new HF link to Salisbury via Chirundu, and a UHF link to Siavonga (in Zambia) via Kariba and Karoi, both financed by Sweden and Norway at a cost of \$650,000;
- (c) A new microwave link to the Eastern province and Mozambique, financed by Japan;
- (d) A new microwave link to Angola via the North-Western province, financed by Norway;
- (e) Extention of the Lusaka earth satellite station to provide access to North America (domestic funding);
- (f) Extension of telex services, and improvement of telephone switching capacities (both with domestic funding).

71. However, two SADCC projects still need funding, namely, microwave links to the United Republic of Tanzania and to Malawi (at an estimated cost of \$165,000 each).

72. Furthermore, a number of other posts and telecommunications projects still require external support. They are:

- (a) A new internal mail exchange office in Lusaka, and the establishment of a number of new post offices (\$3.3 million);
- (b) Provision of automatic branch exchanges for various institutions (\$2.4 million);
- (c) Provision of UHF radio beacons to improve rural telecommunications (\$7.8 million);
- (d) Provision of rural telephone exchanges (\$9.6 million);

- (e) Provision of urban telephone exchanges (\$0.8 million);
- (f) Establishment of a radio monitoring station (\$150,000).

73. The war-damaged rural exchanges and associated UHF/HF facilities in the Zimbabwe border areas are in the process of being repaired, in part with Swedish and Norwegian assistance.

C. Agricultural and other rehabilitation in the border areas

74. Normal life in the border areas was disrupted for more than seven years prior to Zimbabwe's independence in 1980. Removal of land mines in some regions near the border still remains a problem. However, it has now become possible to undertake the rehabilitation of agriculture and fisheries and to implement water development and livestock disease control schemes in these areas.

1. Water projects

(a) Catchment project - Kariba North, Gwembe District

75. The construction of 15 dams is planned under this project. Surveys and designs for 8 dams have been completed with assistance provided by the Netherlands. Designing of the 7 remaining dams has yet to be undertaken. Funds are urgently needed for the construction of the 8 dams and for the studies on the 7 dams. Detailed information on the project can be obtained directly from the Government of Zambia.

(b) Water supply projects - Luangwa, Chirundu, Siavonga and Sinazongwe

76. Water supply stations in these areas were badly damaged by the incursions of the illegal régime in Southern Rhodesia. Four water supply projects have been planned for these areas and EEC has been approached for assistance in conducting feasibility studies. International assistance will be required for the implementation of these schemes.

(c) Water supply scheme: Sesheke district

77. An expenditure of K 6 million is planned for the implementation of this project and the Norwegian Agency for International Development (NORAD) has been approached with a request for assistance.

2. Animal disease control projects

78. Contagious bovine pleuropneumonia is now under control and is being dealt with on a regional basis under SADCC. The disease remains endemic in Angola and the cordon fence erected 26 kilometres inside Zambia's border to prevent the entry of

affected cattle from Angola into the Western province has to be maintained by Zambia. International assistance is requested to meet the cost of moving the cordon fence to the border.

79. Over 9,000 square kilometres in the western and southern regions of the country are infected by tsetse fly. Control measures are being dealt with under SADCC in co-operation with Angola and Botswana. The Netherlands has been approached to provide assistance in spraying the affected areas.

80. Foot-and-mouth disease is still prevalent in the Livingstone, Sesheke and Senanga areas. The problem is being dealt with under SADCC on a regional basis in co-operation with Botswana and Zimbabwe with assistance made available by EEC. Annual vaccination of animals is planned as a preventive measure and K 500,000 per annum will be needed for this purpose.

81. An outbreak of foot-and-mouth disease also took place recently within the country and a number of curative measures had to be undertaken. Preventive measures are planned for the future and EEC and the Netherlands are providing assistance. Additional assistance is required to ensure that adequate supplies of foot-and-mouth vaccine are available in the region. It is also proposed to establish an emergency fund to finance curative measures during any future outbreaks of the disease.

V. PROGRESS IN IMPLEMENTING THE SPECIAL ECONOMIC ASSISTANCE PROGRAMME

A. Major international agreements concluded in 1980 and 1981

82. The Government provided the mission with information on some of the major international agreements for loans, credits and grants entered into by Zambia in 1980 and 1981. It was emphasized that the information was not complete.

Table 15. Major international assistance agreements, 1980-1981
(Millions of United States dollars)

Key: ... = not available.

Donor/lender	1980		1981	
	Type	Amount	Type	Amount
Australia	-	-	grant	0.8
Bulgaria	-	-	loan	1.0
Canada	-	-	loan	17.3
Czechoslovakia	loan	20.0	loan	5.6
Denmark	loan	8.2	-	8.3
Finland	grant	14.6	grant	7.0
France	credit	107.2	loan	17.5
German Democratic Republic	credit	25.0	loan	17.1
Germany, Federal Republic of	loan + grant	56.0 + 5.8	loan + grant	46.9 + 7.1
India	-	-	loan	5.0
Iraq	-	-	loan	2.4
Italy	-	-	loan + grant	40.0 + 2.8
Japan	loan	19.9	loan + grant	6.0 + 6.1
Netherlands	loan + grant	4.7 + 2.3	loan + grant	2.0 + 3.1
Norway	grant	7.0	grant	5.4
Romania	credit	15.0	-	-
Saudi Arabia	-	-	loan + grant	43.8 + 6.3
Sweden	grant	28.0	grant	24.1
USSR	-	-	loan	8.3
United Kingdom	loan	5.8	loan	1.2
United States	loan + grant	20.0 + 9.5	grant	0.7
African Development Bank	...	...	loan	14.8
Africaire	-	-	grant	0.2
European Economic Community	...	...	loan + grant	5.0 + 6.1
World Bank	...	...	loan	21.2
	<u>Total</u>	<u>349.0</u>	<u>Total</u>	<u>325.4</u>

B. International assistance needs for specific development projects

83. The previous report of the Secretary-General contained a list of Zambia's longer-term development projects and programmes (see A/36/27-S/14673, para. 111). The Government has supplied the following additional information relating to these projects (see table 16).

Table 16. Present status of urgent development projects

Project	Status	Estimated total cost (1979-1983)
(thousands of US dollars)		
<u>A. Rural projects</u>		
<u>1. Rural milk production scheme</u>		
To involve 25 additional small-scale farmers each year of the plan by way of providing them with stock, building materials, basic equipment and extension advice	Ongoing with assistance by EEC and World Bank. Further assistance is needed	650
<u>2. Cashew-nut development</u>		
To obtain a viable tree cash-crop in the Western province to supply the requirements of a cashew-nut processing factory in Mongu	Slow progress. FAO report awaited	50
<u>3. Provincial pig-breeding schemes</u>		
To establish breeding units at all provincial farm institutes	Slow progress due to lack of stock feed	650
<u>4. Central Veterinary Research Station</u>		
To complete the work for the establishment of the station	Continuing. EEC assistance expected	930
<u>5. Zambia Cattle Development (Ltd.)</u>		
To assist a parastatal agency for all rural dairies formerly financed exclusively by the Government (incorporates former projects for Zambia Farm Development and Dairy Produce Board)	Ongoing with technical assistance by Denmark, EEC and Ireland	18 750

Table 16 (continued)

Project	Status	Estimated total cost (1979-1983)
(thousands of US dollars)		
6. <u>Beewax processing</u>		
To establish a beewax plant at Mwekero	Funding needed	105
7. <u>Charcoal production</u>		
To start up large-scale production of charcoal	Funding needed	135
8. <u>Cold Storage Board</u>		
Manufacturing industrial glue as a by-product from the CSB abattoir	Funding needed	130
9. <u>Irrigation schemes</u>		
To establish pilot medium-size irrigation projects in the rural areas to demonstrate irrigation techniques to peasants	Partly funded	9 000
10. <u>Trypanosomiasis and tsetse control</u>		
To clear 44,500 square kilometres of land for agriculture	Funding needed	24 500 (urgent)
11. <u>Regional and district diagnostic laboratories</u>		
Establishment of facilities for quick diagnosis of animal diseases	Funding needed	6 500
12. <u>Construction of dip-tanks</u>		
	Funding needed	11 500
13. <u>Water supplies (national)</u>		
New works and improvements to existing township and district water supplies	Partial funding by the Federal Republic of Germany, EEC and World Bank	19 400

/...

Table 16 (continued)

Project	Status	Estimated total cost (1979-1983)
(thousands of US dollars)		
14. <u>River basin plans and catchments</u>		
Construction of dams and wells in the rural areas for domestic, livestock and irrigation purposes	Funding needed	5 800
B. <u>Industrial projects based on domestic raw materials</u>		
15. Fuel alcohol-ethanol project	Funding needed	12 000
16. Kraft pulp and paper mill (capacity 40,000 tonnes)	Funding needed	125 000
17. Copper fabrication plant (copper sheet)	Feasibility study completed. Funding needed	20 000

C. Additional projects

84. The previous report of the Secretary-General included a list of 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. The Government had, therefore, requested international assistance for these projects (see A/36/270-S/14673, paras. 112-113). Funds are still required for most of the projects. Information on assistance provided is given in table 17.

Table 17. Selected project assistance

Key: ... = not available

Project	Status	Cost
		(US dollars)
<u>A. Agriculture, forestry and fisheries</u>		
1. Training Centre for Animal By-products (hides and skins)	Partly funded by the Netherlands	450 000
2. Adaptive Research Planning (Luapula province)	Under implementation with assistance by the Swedish International Development Agency (SIDA)	945 000
3. Village grain storage extension	Partly funded by FAO	100 000
4. Grain legumes research and development	Partly funded by the United States Agency for International Development (USAID)	1 014 000
5. Planning and development for increased fish production	Partly funded by FAO	802 200
6. Forest industries development	Funded by the World Bank	564 300
7. Development of pest- and disease-resistant maize	Partly funded by USAID	791 000
8. Rationalization of land-use in game management areas	Funded by the Government	145 000
<u>B. General development issues, policy and planning</u>		
9. Assistance to the Planning and Management Institute	Partly funded by the Democratic People's Republic of Korea	672 000
<u>C. Natural resources</u>		
10. Strengthening of the capacity of the Prescribed Minerals and Materials Commission	Partly funded by SIDA	1 217 000
11. Rural water supply development in Luapula and Northern provinces	Funded by the Norwegian Agency for International Development (NORAD)	1 384 000

Table 17 (continued)

Project	Status	Cost
		(US dollars)
<u>D. Transport and communications</u>		
12. Assistance to civil aviation training and airport development	For implementation under SADCC; funding needed	1 081 000
13. Telecommunications training	Funded by Japan and Sweden	586 000
14. Three telecommunications engineers	Funded by the Government	...
15. Zambia-Zimbabwe telecommunications link	Implementation under SADCC (funded by Sweden and Norway)	100 000
<u>E. Health</u>		
16. Primary health care	Assistance received from a non-governmental organization	...
17. Water supplies	Funded by a number of donors	...
<u>F. Education</u>		
18. Assistance in the elaboration and use of economic indicators in analysis and planning	Funded by SIDA	40 000
19. Establishment of a National Unit for Evaluation of Social Projects and Programmes and the training of officials	Assistance received from the World Bank, the Danish International Development Agency (DANIDA) and UNIDO	400 000
<u>G. Science and technology</u>		
20. Strengthening of meteorological services	Partial assistance provided by WMO	707 000
21. Improvement of science and mathematics teaching in schools	Some assistance received from India, the USSR and others	1 377 000

/...

D. New projects requiring international assistance presented in 1982

85. The Government has put forward the following new projects for which it is seeking international support.

1. Roads

(a) Construction of Mansa-Serenje road (325 km)

86. This road will connect the north, particularly Luapula province, with the rest of the country (avoiding the Zaire pedicle road), and will pass through fertile agricultural areas. Considerable progress has been made in construction, including a 2.8-kilometre bridge over the Luapula River, but \$88 million is required to complete the project.

(b) Upgrading of Livingstone-Zimba road (42 km)

87. Some funding has been secured, but \$6.6 million is still needed.

(c) Reconstruction of Mansa-Luwingu-Kasama road (340 km)

88. This road, which connects the provincial capitals in the north, has deteriorated badly. The estimated cost is \$77 million, and preliminary negotiations have begun with a potential donor for partial funding of \$17 million.

(d) Reconstruction of Mutanda-Zambezi-Chavuma road (550 km)

89. This road passes through areas of high agricultural potential in the North-Western province. The Federal Republic of Germany and China are providing assistance, but substantial additional assistance is needed.

(e) Construction of Mansa-Mwense-Nchelenge road (228 km)

90. This road passes through areas of high population concentrations engaged in agriculture and fisheries. A feasibility study has been completed, and discussions initiated with potential donors for funding the \$55 million needed for construction.

(f) Feasibility studies

91. Financing is sought for feasibility studies of:

(i) Kaoma-Zambezi road (330 km): \$550,000;

(ii) Mongu-Kalabo-Angola border road (225 km): \$440,000.

2. Pharmaceutical industry

92. Pharmaceutical imports amount to about \$10 million per annum. A feasibility study has been carried out for the development of a local pharmaceutical industry which would save a significant portion of these foreign exchange costs. Funding of \$11 million is sought for this project.

3. Support for development finance institutions

(a) Zambia Agricultural Development Bank

93. This bank, directed toward the development of agriculture and fisheries, was set up in 1979 but has not yet become fully operational due to lack of funding. It is hoped that 30 per cent of its authorized capital of K 75 million - that is, K 22.5 million - will be subscribed from external resources. Grants and soft loans are urgently sought for this purpose.

(b) Financial institution for small-scale industries

94. Small-scale and village industries are a high priority both for economic diversification and employment generation. The development of village industries is especially important to support present programmes for agricultural expansion. Because of the special credit-worthiness problems of small-scale and village industries, the Government wishes to establish a Small Industries Development Bank, and seeks \$25 million initially in external support to set up and capitalize such an institution.
