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**Annual Budget
Submission**

FY 1985

ZIMBABWE



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FY 1985 ANNUAL BUDGET SUBMISSION

USAID/ZIMBABWE

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MISSION ACTION PLAN

FY's 84 and 85

1. Relevance of Mission Strategy to AFR Strategic Plan

The approved Mission CDSS (July 1982) and the programs described in this ABS designed to achieve our strategy objectives, are fully consistent with the Africa Bureau Regional Strategic Plan. The bulk of the Zimbabwe program falls in the bureau priority areas of economic stabilization, Human Resource Development and Agriculture. As partial means to achieving these objectives the program emphasizes the private sector, institution building, technology transfer and policy dialogue.

The Mission's long-range strategy objectives are:

- to assist the Government of Zimbabwe (GOZ) in marshalling foreign and domestic resources, particularly foreign exchange and private investment, into the most competitive growth sectors, thus providing a firm basis for sustainable poverty alleviation and development growth and
- to assist the government in raising living standards, expanding agricultural output, rural incomes and increasing employment opportunities while narrowing the stark dualism in the economy.

Eight strategy themes will be pursued. Mission programs will be directed toward measurable improvement in each of these areas. These eight themes, together with the short-range operational objectives and benchmarks for measuring progress toward achieving these strategy objectives are discussed below.

II. Strategy Themes and Program Operational Objectives for FY 1984 and 85

- A. Expand the productive capacity of the modern sector (manufacturing, industry, mining and commercial agriculture) by provision of foreign exchange channelled largely through the private sector.

Objectives

- In FY 1984, sign the third Commodity Import

Program (CIP) agreement which will continue to provide foreign exchange to government for allocation to private sector producers and manufacturers. Also in FY 1984, increments of the Zimbabwe Agriculture Sector Assistance (ZASA) Program and the Basic Education and Skills Training Program (BEST) will be signed. Both these programs have CIP components that will provide further support and needed foreign exchange to expand productive capacity in the modern sector.

- In FY 1985 additional investments in each of these three programs will further build upon previous commitments. In FY 1984 and FY 1985 the Mission may seek to target CIP programs to those sectors, determined to be as a result of careful analysis, more competitive, labor intensive and supportive of small emerging businesses. The CIP and two sector programs are the Mission's primary vehicles for directly addressing the number one constraint to higher domestic investment and resumed growth of the Zimbabwe economy - foreign exchange.

- In October 1983 an in depth evaluation will be completed to assess the growth and investment impact of the U.S provided commodity imports. This evaluation should be able to identify the most efficient private sector use of the foreign exchange resources.

- In 1984 and 1985, the foreign exchange resources will provide parts, equipment, raw materials for manufacturing, industry, mining and private farmers. It may be in these years that foreign exchange will be more specifically targeted. This type of assistance effectively demonstrates to Government the importance of maintaining productivity in the private sector and the major contribution this sector makes to economic growth and employment.

B. Enlarge agriculture productivity, particularly in small holder areas.

Objectives

The ZASA program is the primary mode of

assistance the Mission will employ to achieve this strategy element. This will be accomplished by the provision of budgetary resources to the GOZ to strengthen its institutional capacity to provide smallholders both access to and use of agricultural production and income generating technology.

During FY 1984 and FY 1985, and over the life of the activity, ZASA program resources will be directed at eight specific constraint areas which taken together, are expected to contribute to the achievement of this strategy objective. In FY 1984 and FY 1985 the GOZ, in collaboration with USAID, will identify programs for funding primarily from local currency generations in the constraint areas that specifically address small farmer needs.

In 1984 USAID attention and ZASA resources will be concentrated on three constraint areas: agriculture manpower development and training; input supply and marketing and planning and feasibility studies. Less attention will be focused on improved land and water use, agricultural credit, research and extension - primarily because of major World Bank projects in these areas just getting underway. In the concentration areas we expect to achieve the following:

- In Manpower Development and Training the objective is to increase the ability of the University of Zimbabwe (UZ) and the Ministry of Agriculture's network of Colleges and Institutes to expand output of trained agriculturalists. A major technical assistance contract will be negotiated to assist the UZ Faculty of Agriculture in developing teaching programs in new areas of relevance for smallholders. Faculty expansion programs for Faculty of Agriculture and Chibero Agricultural Program will be funded. Training to the extent candidates can be identified will be supported.
- Input Supply and Marketing efforts will provide resources to support GOZ programs to meet input supply and marketing problems of smallholders through the establishment and effective operation of user-owned and operated cooperatives. In addition to

completing the Phase I construction program of 40 warehouses and 400 collection/distribution points, concentrated attention will be directed to training of both GOZ cooperative staff and cooperative members. Housing to allow deployment of cooperative extension staff will also be funded.

- Data collection, feasibility studies, project analyses and special studies will be conducted to enable a better understanding of smallholder agriculture, to evaluate various factors in the agricultural sector and to help formulate projects and programs in the sector. A particular emphasis will be assessing the impact of various current and pending policies on agricultural output. Continued support to the UZ peasant research program will be provided with an expansion in the planning capacity of the sector an outcome of these studies and specific training financed.
- In the area of management, the Mission will work with individual ministries and organizations in the agricultural sector to develop proposals/activities that are suitable for the allocation of U.S. provided resources.
- The Mission's policy dialogue objective relative to ZASA is to continue discussions with senior government officials on agricultural policy, government expenditure and focus of government programs.

In 1985 USAID expects to continue devoting significant resources to manpower development and training and input supply and marketing as on-going programs are continued. Major new initiatives are planned in agricultural credit and improved land and water use as the results of feasibility studies are implemented and as the World Bank credit project creates an infrastructure able to administer larger credit programs reaching larger numbers of smallholders. There will also be modest inputs in extension and agriculture research to supplement World Bank programs and limited feasibility and planning support. In the focus areas, our objectives are:

- In Manpower Development and Training our efforts will continue with arrival of additional technical personnel for expanding

the University of Zimbabwe's Faculty of Agriculture. Additional equipment and facilities will also be funded at the University and at the Institute of Agriculture at Mlezu to expand output capacity.

- Support for Input Supply and Marketing programs will be continued to help meet the infrastructure needs of the cooperative movement including the start of a Phase II construction and capital provision program. Greater emphasis will be placed on training and, if plans are finalized, support for the establishment of a cooperative training facility aimed at skills training for cooperative members, will be provided.
 - In Agricultural Credit a larger share of available ZASA resources will be directed toward meeting needs of the smallholder credit system. These funds will go both for production credit and longer-term development items such as irrigation infrastructure or other capital improvements. Smaller amounts will help the continued expansion of the Agricultural Finance Corporation's ability to make and service thousands of smallholder loans. This will include training and equipment and may include housing for field staff.
 - Improved Land and Water Use programs will support a soil conservation program growing out of earlier research. The objective will be to reverse the current trend of increasing soil erosion and declining soil fertility due to soil loss. Resources for a water development and irrigation fund may also be supplied to expand irrigated areas and to reduce the impact of future droughts.
- C. Improve human capital through skills development; improve education qualitatively and quantitatively, enlarge it quantitatively to make it more cost effective.

Objectives

- Although other elements of the Mission's program e.g. ZASA and the Child Spacing Project (CSFA) have manpower training elements, the ZIMBABWE MANPOWER DEVELOPMENT

(ZIMAN) and Basic Education and Skills Training program (BEST) are the primary vehicles for pursuing this strategy objective. ZIMAN provides resources to train trainers and for staff development in priority areas such as small farm agriculture, technical manpower development, management, teacher training, and health. In FY 1984 and 85 there should be measurable improvement in the institutional capacity of professional colleges and technical institutions as well as the University by virtue of long-term, short term and in-service training provided through ZIMAN. In FY 1984, \$4,039,000 will be obligated to fund training programs and consultants. By FY 1985 more than 200 long and short-term trainees will have returned and assumed positions and approximately 50 short-term consultants will have provided technical service.

- BEST, in a more comprehensive manner, will provide additional budgetary resources to assist the GOZ to implement its planned expansion of the educational and employment skills training system. Special emphasis will be placed on improving cost-effectiveness and equity within the overall system. To meet this strategy objective, the BEST program will direct resources to the key constraint areas of limited resources, insufficient numbers of trained teachers/instructors, inappropriate instructional curriculum, inefficient/inequitable spatial allocation of educational/ training facilities, and insufficient planning capacity.

In FY 1984, the key objectives will be to:

- allocate foreign exchange resources as quickly as possible to generate sufficient local currency to initiate programs in the constraint areas;
- firmly establish a smooth local currency allocation process using the existing system;
- select contractors for technical assistance services to be provided during the program;

- allocate local currency resources to high priority programs in constraint areas already identified by MOEC and MMPD such as support for the National Education Service Center, teacher education, curriculum development and programs to expand, diversify and modernize the vocational and technical program; and
- conduct the first formative evaluation of the program. Since this evaluation will be conducted early during the first year of implementation and only limited progress in the constraint areas is likely to have been made, the evaluation will focus on problems and proposals for corrective action.

In FY 1985 key operational objectives will focus on program implementation. Particular attention will be given to:

- the second formative evaluation;
- quarterly review with the GOZ on program progress and implementation problems;
- final disbursement of the first CIP tranche; and
- continued allocation or re-allocation of local currency resources to constraint areas;

Also in FY 1985 measurable progress is expected in the following areas:

- more efficiency in the use of educational resources;
- increases in the number of fully qualified elementary secondary and vocational-technical teachers;
- curriculum improvements in secondary, primary and vocational schools;
- more equitable distribution of teaching and training resources to rural areas;

- strengthening of administrative and planning capability in the education training system.

D. Expanding employment both in modern and rural sectors, while strengthening linkages between training, employment and business. Special emphasis will be placed on assisting the emerging Zimbabwe private sectors and small entrepreneurs.

Objectives

The CIP, BEST, ZASA, the Community Development Project and ZIMAN all address elements of this strategy objective. The Mission will rely heavily on local currency generations and support from PRE in providing the resources to achieve this goal.

- In FY 1984 the Mission will continue to work on getting the National Community Development Trust Fund, established with local currency generations, operational and actively funding small community based productive projects.
- If not set up in FY 1983, the Mission will continue to quietly encourage Government to get the Small Enterprises Development Corporation (SEDCO) established and functioning. It is hoped that SEDCO will include a credit/loan facility for small entrepreneurs.
- In FY 1984 the Community Development Support project will be designed and obligated by the end of the second quarter. This program will provide a mechanism for the Mission to support US and locally based NGO's in implementing rural community based employment and income generating activities.
- In FY 1984 and FY 1985, the Mission will sponsor research into products that can be competitively produced by small enterprises.
- During both years, we will continue to direct 80% or more of CIP foreign exchange to the private sector.

- In FY 1984, assuming positive feasibility study findings and GOZ blessing, the Mission will help finance the establishment of an export marketing cooperative of Zimbabwean businesses. This initiative which is being developed as a result of the FRE Mission to Zimbabwe in December 1982, will promote Zimbabwean exports through the provision of export market information and financial support to its members.
- In both years, the Mission will continue to seek ways to promote U.S. private investment and assistance to intermediate credit institutions.

In FY 1985 the Mission will continue to build on efforts initiated in FY 1984 and focus on program/project implementation. Additional PRE missions are contemplated both to conclude the export marketing project, follow up on SEDCO and to develop new ideas for the PRE revolving fund.

- E. Moderating population growth rates.
The Child Spacing and Fertility Project, with the Child Spacing and Fertility Association of Zimbabwe (CSFA) is the Mission's mechanism for addressing this problem.

Objectives

- In FY 1984 the Mission's key objective will be to consolidate the management and administration improvements initiated at the CSFA in FY 1983. At the end of FY 1984 it is hoped that a well trained and functioning headquarters staff will be in place effectively directing the programs of the CSFA.
- Also in FY 1984 the Information Education and Communication division of the CSFA will be well established and directing media, (T.V. radio, newspapers) community campaigns and other programs to spread the Child Spacing message and to inform the public on matters of family planning and family life education.

- By the end of FY 1984, all the commodities (vehicles, audio visual equipment, micro-computers, laundry equipment) will be procured and in country.
- The CSFA delivery system will have been extended to all eight provinces and additional medical assistants, youth advisors, education distributors and group leaders trained. The 1984 target of 124,000 new acceptors will be reached.
- The FY 1985 target of 139,000 new acceptors will be reached.
- Noticeable progress in attaining project demographic goals on crude birth rate, and the expansion of delivery of family planning services to married women should be evident. The latter is expected to reach 290,000 in 1985.

F. Provide capital resources to open up access to home ownership for low income families, and to involve the private sector as a major new source of lending for low income housing.

Objectives

- This strategy element is pursued primarily with the use of Housing Investment Guaranty (HIG) resources and to a limited extent with CIP local currency generations.
- In FY 1984 and 1985, the Mission hopes to step up the pace of implementation of the housing 1983 by the HIG. This will be possible once key policy issues relating to minimum housing standards are settled in Government.
- Also in FY 1984, the Mission through the Shelter Grant for technical assistance (613-0205) and training hopes to strengthen the Ministry of Housing's (MOH) planning and design capability. The Ministry is less than a year old, critically understaffed and therefore poorly administered.

- In early FY 1984, an effective monitoring and evaluation system will be designed and in place at MOH.
- Implementation of UNDP/HABITAT low cost housing project in secondary towns should be underway. AID is collaborating with UNDP/HABITAT through the provision of CIP generated local currency. The objective is to involve private building societies in the financing of low income housing. Also in FY 1984 another HIG of \$15 million may be requested to finance urban squatter settlement upgrading in Harare.
- In FY 1985 the objective will be to maintain implementation and meet low cost housing construction targets as spelled out in the various Project Delivery Plans.

G. Engage the Government of Zimbabwe in policy dialogue which will maintain an environment conducive to growth, private investment and export led development.

As has been noted in the approved FY 1984 CDSS, the recent Strategy Implementation Report, as well as the Mission's CY 1983 statement of Management Objectives, our policy dialogue with the GOZ is an important part of our overall strategy and cuts across all aspects of our program in Zimbabwe. Successes to date in policy adjustment have been outlined in the Strategy Implementation Report.

Our cautious, educative and subtle approach has been effective. Private sector CIP allocations, local currency usage, and the innovative sector assistance programs that have been developed with the GOZ are intended in large measure to support the positive policy decisions they have taken. In FY 1984 and FY 1985, CIP and sector assistance programs will be the main tools employed by the Mission in conducting policy dialogue. All Mission funded activities will contribute to our policy dialogue with the GOZ and all Mission professional staff will participate. Our most important policy dialogue objectives over the next two years are:

- continue to encourage the GOZ to increase foreign exchange allocations to the private sector. In particular we wish to see more foreign exchange flowing into export industries and the more competitive manufacturing and agriculture sectors.
- realize via ZASA and the CIP an increase in the flow of resources (credit, research, extension etc.) to smallholder agriculture producers. In this context we will continue to encourage further reduction in maize, milk and other food subsidies.
- encourage continued GOZ fiscal and monetary austerity. At every opportunity encourage compliance with IMF conditions - especially as they relate to the size of the budget deficit, wage restraint, limit to short term debt and foreign exchange and demand management.
- In close collaboration with other donors (especially UNDP and IBRD) encourage the Government to adapt housing policies that will ensure that housing costs are within reach of the lowest income groups in the country.
- continue discussions and programs with government aimed at reducing the high population growth rate.
- using BEST as the main vehicle, work closely with GOZ in developing education policies that introduce reforms that enable more cost effective delivery of education; and
- continue to encourage the adoption of policies which promote greater local and foreign investment. These include foreign exchange allocation procedures, profit repatriation regulations, administration of price controls and signing of the OPIC agreement.

H. Work more closely with other donors in policy dialogue and in building more coherent approaches to Zimbabwe's major development problems.

This strategy element takes on increasing importance now as the donors that committed assistance at ZIMCORD actually begin to implement their programs with the Government of Zimbabwe.

During FY 1984 and FY 1985 Mission objectives will be to:

- encourage greater collaboration among donors and seek opportunities for cooperation in areas of mutual interests. The opening of a World Bank office should assist in this regard and the new UNDP Resident Representative has shown a constructive interest in donor coordination.
- develop comprehensive inventory and analysis of other donor programs which identifies areas of overlap and opportunities for greater coordination.

TABLE I NARRATIVE

The amount reflected in Table I for FY 1985 exceeds the AAPL by \$15 million. The Mission is aware of the directive contained in this year's ABS instructions not to exceed the assigned level, however, there is compelling justification for an AAPL of \$55 million. It is important to note that the proposed adjustment in the AID/W assigned AAPL does not constitute a shift in Mission program or strategy content, nor does it represent a change from out-year funding projections first included in the approved CDSS. The additional \$15 million is being requested to make up for the shortfall in our three-year (FYs 1982-84) Zimbabwe Donors Conference (ZIMCORD) commitment of \$225 million made by Administrator McPherson in March 1981. As AID/W is aware, since this commitment was first made, the Mission has planned to obligate \$75 million a year for three consecutive fiscal years beginning in FY 1982. However in FY 1983, the Mission's level has been reduced by \$15 million to \$60 million due to the nature of the Continuing Resolution in FY 83. If these funds are not replaced by a supplemental appropriation this fiscal year which appears unlikely, the Mission proposes that the \$15 million be restored in FY 1985 to allow the U.S. to meet it's ZIMCORD commitment -- albeit over a slightly longer period of time.

When informing the GOZ of the \$15 million reduction during FY 83, the Ambassador and Mission Director on instructions from Washington, assured GOZ officials that this action was precipitated by worldwide funding shortages; that a number of other countries were also affected; and that the U.S. Government has every intention of meeting its commitment made at ZIMCORD.

In addition to the desire to honor our pledge, the need for concessional assistance is greater now than it has been since independence. The Zimbabwe economy declined sharply in 1983 with its exports adversely affected by the worldwide economic slump. This situation is exacerbated by a severe two-year drought, the worst in more than eighty years. Under these circumstances, it is important for both political and economic reasons that the U.S. not be seen as renegeing on ZIMCORD. Stretching out the U.S. pledge in FY 1985 will also permit the Mission to phase down its level of concessional assistance more gradually and to shift, as was planned, to a post Zimcord strategy of fueling investment through programs other than grant ESF.

Beyond restoring this \$15 million to the FY 1985 level, the Mission believes that the declining out-year levels contained in the ABS are realistic. Many organizations, the World Bank among them, are projecting resumed positive growth of the Zimbabwean economy beginning in 1984 -- assuming that some measure of sustained recovery of the world economy is maintained. It is also the view of most that Zimbabwe should and can do a better job of attracting private sector flows as, and if, world economic recovery is sustained in 1984.

Therefore, the GOZ should be able to rely more on international borrowing, foreign private investments and domestic financial resources to help maintain an acceptable level of economic growth. Accordingly, in FY 1985 and beyond, the Mission will put greater emphasis on the use of HIGs, PRE/Bureau funding, CIP loans and reimbursable assistance programs in trying to fuel investment.

Fulfilling the ZIMCORD commitment through restoring the \$15 million in FY 1985 will permit the Mission to initiate this shift in an orderly fashion. Our policy dialogue efforts, which will still include important areas of reform e.g. minimising state involvement in the economy, continued progress on subsidies reduction/elimination and pricing, will also be enhanced. Finally, the Mission believes that these resources will contribute significantly to achieving the objectives as articulated in the Mission Action plan contained in this A.B.S.

FY 1985 ANNUAL BUDGET SUBMISSION
TABLE I - LONG RANGE PLAN BY APPROPRIATION ACCOUNT (\$000)
 COUNTRY/OFFICE ZIMBABWE

	FY 1983	FY 1984		FY 1985	PLANNING PERIOD			
	ESTIMATE	CP	ESTIMATE	AAPL*	1986	1987	1988	1989
<hr/>								
<u>Development Assistance</u>	---	---	---	---	---	---	---	---
<u>Economic Support Fund</u>	60,255	75,000	75,000	55,000	25,000	25,000	10,000	-0-
Grants	60,255	40,000	40,000	29,731	-0-	-0-	-0-	-0-
Loans	-0-	35,000	35,000	25,269	25,000	25,000	10,000	-0-
TOTAL ESF	60,255	75,000	75,000	55,000	25,000	25,000	10,000	-0-
<hr/>								
<u>PL 480 (Non-add)**</u>	3,000	12,000	-0-	-0-	-0-	-0-	-0-	-0-
Title I (Of which Title III)	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-
Title II	3,000	12,000	-0-	-0-	-0-	-0-	-0-	-0-
<hr/>								
<u>Housing Guaranties</u>								
(Non-add)	25,000	25,000	25,000	25,000	25,000	25,000	25,000	25,000
<hr/>								
<u>Total Personnel</u>								
USDH (work years)	7.75***		8	9	10			
FNDH (work years)	5		5	5	5			

* See Table I Narrative

** See P.L.480 Title II request cable for a detailed description of the proposed Title II emergency program. Per PL 480 narrative instructions, Harare 3850 follows page 47.

*** Although State 135492 contains a U.S. work year level of 6 for FY 1983, the Deputy Mission Director arrived at post December 30, 1982 bringing the total FY 1983 U.S. work year level to 7.75.

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TABLE III - PROJECT OBLIGATIONS BY APPROPRIATION ACCOUNT
FY 1983 to FY 1985 (\$ thousands)

Country/Office ZIMBABWE

<u>APPROPRIATION ACCOUNT</u>		<u>FY 1983</u>	<u>FY 1984</u>	<u>FY 1985</u>
Economic Support Fund				
613-0203	Zimbabwe Labor Development (OPG)	G 255	-0-	-0-
613-0208	Basic Education and Skills Training	G 15,000	15,000	15,000
613-0209	Agricultural Development Sector	G 2,600	15,000	12,400
613-0215	Zimbabwe Manpower Development	G 5,100	4,039	-0-
613-0216	Commodity Import Program	G 37,000	-0-	-0-
		L -0-	35,000	25,269
613-0219	Child Spacing and Fertility	G -0-	3,292	-0-
613-0223	Community Development Support	G	2,669	2,331
613-0224	Books for New Literates	G 300	-0-	-0-
Country Total		<u>60,255</u>	<u>75,000</u>	<u>55,000</u>
Grant		<u>60,255</u>	<u>40,000</u>	<u>29,731</u>
Loan		<u>-0-</u>	<u>35,000</u>	<u>25,269</u>

USAID/Zimbabwe
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TABLE IV

Number	Title	G/L	Obligation Date	Life of Project million \$	Final Auth Plan 1982	CUM Pipe Line as of 1982	Estimated US Dollar Cost (\$000)			FY OBLIGATIONS				Item No.		
							FY 1983 OEL	FY 1983 EXP	FY 1984 OEL	FY 1984 EXP	1985 AAFL	Fund- ed thru	1986		1987	1988
ECONOMIC SUPPORT FUND																
6130203	Zimbabwe Labor Dev. OPG	G	80	.42	.42	266	255	266	255	---	83	---	---	---	---	50
6130204	Science and Technology Cooperation	G	80	.75	.75	600	---	600	---	---	83	---	---	---	---	51
6130205	Low Cost Shelter	G	81	.75	.75	750	---	250	500	---	84	---	---	---	---	52
6130208	Basic Education & Skills Training	G	83	45.0	45.0	---	15000	5000	12000	15000	87	---	---	---	---	56
6130209	AG Rural Development Sector Grant	G	82	45.00	45.00	15000	2600	5000	20000	12400	87	---	---	---	---	57
6130215	Zimbabwe Manpower Dev.	G	82	13.10	13.10	3984	5100	1700	4039	3300	87	---	---	---	---	62
6130216	Commodity Import Prog.	G	82	50.00	87.00	48986	37000	60000	---	26000	85	---	---	---	---	63
		L	82	-	110.00	---	---	---	35000	20000	25269*	86	25000	25000	10000	64
6130219	Child Spacing and Fertility	G	84	8.54	8.54	5250	---	1800	3292	2000	86	---	---	---	---	66
6130220	Adult Literacy Org. PVO-I-R	G	81	.45	.45	266	---	---	---	---	83	---	---	---	---	67
6130223	Community Dev. Support	G	84	---	5.00	---	---	2669	2500	2331	---	---	---	---	---	68
6130224	Books for New Literates PVO-I-R	G	84	.30	.30	---	300	237	---	63	86	---	---	---	---	1385
ESF APPROPRIATION TOTAL						75,102	60,255	74,853	75,000	85,618	55,000	25,000	25,000	25,000	10,000	-
	Grant					75,102	60,255	74,853	40,000	55,618	29,731	25,000	25,000	25,000	10,000	-
	Loan					---	---	---	35,000	20,000	25,269	---	---	---	---	-
COUNTRY TOTAL						75,102	60,255	74,853	75,000	85,618	55,000	25,000	25,000	25,000	10,000	-
	Grant					75,102	60,255	74,853	75,000	65,618	29,731	25,000	25,000	25,000	10,000	-
	Loan					---	---	---	35,000	20,000	25,269	---	---	---	---	-

*See Table I Narrative

NEW PROJECT NARRATIVE

Project No: 613-0223
Project Title: Community Development Support
Funding: FY 84 \$2,669,000
FY 85 \$2,331,000
LOP \$5,000,000
Appropriation : ESF

I. PURPOSE

To assist indigenous Non-Governmental Organizations (NGO's) in Zimbabwe to expand their activities and outreach programs which complement the GOZ's development programs. The grant also establishes a source of funding to support U.S. Private Voluntary Organizations interested in establishing linkages and implementing projects with indigenous NGO's.

II. PROBLEM TO BE ADDRESSED

Zimbabwe, among developing countries in Africa, has a rich infrastructure of NGO's involved in a vast array of activities and projects which reinforce and complement government development programs. In the past it was through these NGO programs that the majority of the black population had access to education, training and economic and social programs to improve their welfare. The NGO community, thus, historically filled the void created by the previous government's failure to allocate sufficient resources toward addressing the economic and social problems of the African majority.

Since independence in April 1980, the NGO's within Zimbabwe have moved rapidly to expand their programs and to work directly with the urban and rural poor, resuming activities which had been curtailed during the war. They have done this despite a tightening in access to capital resources and government reticence. This reticence on the part of government is one of the ironies of post-independent Zimbabwe. The criticism of some government officials is that NGO's do not fully share the objectives of the new government. The government is also concerned to see scarce development resources going to pay the overheads of such private groups.

These problems have combined to create a situation in which failure to support NGO's will, over time, cause a void which the GOZ will find increasingly difficult to fill due to inadequate financial and human resources. Although there has been progress the Mission feels that the importance of these organizations to the achievement of Zimbabwe's post-independence objectives is yet to be fully understood and appreciated by both the public and private sectors.

There are, however, signs that the climate is beginning to change. First, many government agencies are developing close ties with NGO's at the operational levels. For example, the Adult Literacy Organization of Zimbabwe (ALoz) is working with the Ministry of Education and Culture and the Ministry of Community Development and Women's Affairs on the forthcoming National Literacy campaign. The Ministry of Community Development and Women's Affairs with assistance from women's organizations and Voluntary Organizations in Community Enterprises is developing a program of pre-school education. The Ministries of Agriculture and Lands, Resettlement and Rural Development have requested donor support for the Savings Club Movement. The Ministry of Education and Culture is exploring ways to make more effective use of private correspondence colleges and study groups in its efforts to expand secondary education. Second, donor agencies are beginning to come forward with financial assistance to NGO's. This assistance seems to be encouraging traditional private sector sources to resume and, in some cases, increase their contributions to NGO's.

III. PROJECT DESCRIPTION

The overall objective is to assist indigenous NGO's in Zimbabwe to strengthen those program activities which directly and indirectly reinforce and complement the development and equity objectives of the GOZ. The Grant will also provide a mechanism to support cooperation and the establishment of linkages between US NGO's and indigenous NGO's for the development of activities that are implemented jointly. In addition, it is expected that US NGO's will provide management, organization and program development support for indigenous NGO's. Grant resources from this project will be utilized to provide U.S. and locally based NGO's and the Ministry of Community Development and Women's Affairs which is involved with NGO's, a source of foreign exchange for technical assistance, training and commodities as well as local currency to cover expenditures associated with an expanded program.

IV. OUTPUTS

The outputs expected from this activity are:

- significant expansion in the institutional capacity of indigenous NGO's to conduct relevant development activities which contribute to an increase in the economic and social welfare of the urban and rural poor;

- development of a closer working relationship between the GOZ and the NGO community and U.S. based NGO's;
- development of a better trained NGO staff and qualitative improvement in the development program of the NGO community; and
- closer ties with international PVO's working in similar development areas.

V. INPUTS

The USAID funds will be utilized to finance the foreign exchange and local currency costs associated with providing NGO's with access to international technical assistance, training, a limited amount of commodities and in-country program costs. Much of the technical assistance is expected to come from the United States. In training, the emphasis will be on short-term courses and study tours designed to promote staff development. It is also expected that some of the technical assistance will be directed at running in-country training programs.

VI. HOST GOVERNMENT/COUNTRY AGENCIES OR INSTITUTIONS

Oversight will be provided by the Ministry of Community Development and Women's Affairs. A committee consisting of representatives from USAID, the Ministry of Community Development and Women's Affairs will review and recommend activities for funding. The Ministry of Community Development and Women's Affairs will act to facilitate and provide the linkage between the indigenous NGO community, the GOZ and USAID in the implementation of this grant.

NEW PROJECT NARRATIVE

Project No: 613-HG-002
Project Title: Urban Upgrading and Community Facilities
Funding: FY 84 \$25,000,000
LOP \$25,000,000
Appropriation: Housing Investment Guaranty Loan

I. PROJECT PURPOSE

To demonstrate the viability and feasibility of upgrading existing neighbourhoods in Harare and in small towns and to build institutional capability at the national and local levels.

II. PROBLEMS TO BE ADDRESSED

Zimbabwe's urban population has been growing at a rapid rate. The construction of new housing has not kept pace over the years. As a result, a number of cities and towns have areas that need upgrading. An example of the type of problem this project will address is the Epworth area of Harare. Epworth has a land area of 3,670 hectares located six miles from the city center. The population is estimated at 30,000 people. Living conditions are extremely difficult. There is no regular water supply, sanitation facilities, electric reticulation or garbage collection. The community facilities are either non-existent or overcrowded. There is a serious ecological threat through denudation and erosion to the surrounding countryside and public health threat of pollution to the City of Harare's nearby water supply dam.

USAID, will provide necessary technical assistance in planning and implementing urban upgrading projects in Epworth and other towns in the country. The Housing Guaranty Loan funds will be used to provide capital financing for infrastructure facilities and services such as water, sewer, electricity, roads, schools, health clinics and community centers. In addition, home improvement loans will be provided to the homeowners. During the project development stage, USAID in collaboration with the GOZ will identify other specific projects to be included under the urban upgrading and community facilities project.

The Ministry of Local Government and Town Planning will be the implementing agency along with the relevant local City Council. This project will provide training and technical assistance at the national and local level to build the institutional capacity for urban upgrading projects. The target group will be low income urban dwellers below the AID established median income.

III. RELATIONSHIP TO MAJOR POLICY CONCERNS

The proposed project will utilize funds from the U.S. private sector that will provide long term HG financing under the full faith and credit guaranty of the U.S. Government. The U.S. private sector will have the opportunity to provide financing, not merely for the 20 million HG, but also to establish a commercial relationship with the Government that may lead to other opportunities. The Zimbabwe private sector will be involved in by carrying out all construction works for infrastructure and community facilities. This will be the first effort in Zimbabwe in urban upgrading. USAID will impart the extensive knowledge it has gained through its worldwide experience in urban upgrading. AID also hopes to demonstrate, that upgrading of existing neighbourhoods is often a better solution than demolition and rebuilding. It is expected that this demonstration will encourage the Government to institutionalize the urban upgrading program.

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FY 1985 ANNUAL BUDGET SUBMISSION

TABLE V - FY 1985 PROPOSED PROGRAM RANKING					Country/Office	
RANK	PROGRAM ACTIVITY	ONGOING NEW	LOAN GRANT	APPR ACCT	PROGRAM FUNDING (\$000)	
	DESCRIPTION				INCR	CUM
1.	613-0216 Commodity Import Program	0	L	ESF	25,269*	25,269
2.	613-0209 Zimbabwe Agriculture Sector Assistance	0	G	ESF	12,400	37,669
3.	613-0208 Basic Education and Skills Training	0	G	ESF	15,000	52,669
4.	613-HG-002 (HG Non-add)	0	L	(HG)	(25,000)	52,669
5.	613-0223 Community Development Support	0	G	ESF	2,331	55,000 *
* See Table I Narrative.						

TABLE V NARRATIVE

In FY 1985, the Mission will be in the first year of a gradual phase-down of concessional assistance to Zimbabwe. The Mission will be focusing on program implementation and evaluation; pursuing policy dialogue issues in a number of areas; identifying alternative means of maintaining foreign exchange flows into Zimbabwe that promote economic stabilization, export development and growth; and fueling both foreign and domestic investment. These objectives are reflected in the following table V priority rankings. By FY 1985, the Mission will be well on its way to achieving many of the strategy objectives contained in the Action Plan. Implementation of both agriculture and education sector assistance programs will be well underway and numerous policy reforms instituted. Trained manpower will be increasing as a result of ZIMAN programs and the Child Spacing Association should be functioning more efficiently.

While it will be important to maintain the implementation momentum of these programs, the Mission's number one priority, in terms of obligation, will be the transfer of foreign exchange resources - first through the CIP, secondly, through ZASA and thirdly, through BEST. The CIP and the CIP elements of the sector programs will provide crucially needed foreign exchange to the private sector as the Zimbabwean economy tries to regain the high levels of growth achieved in 1980 and 1981. The CIP approach in Zimbabwe is a most important developmental mechanism. There is a very high correlation here between CIP, foreign exchange, new investment and growth. For instance, one economist has calculated that for every \$12 million of CIP resources allocated to the manufacturing sector, it is conceivable that there will be a corresponding 1% contribution to GDP as the foreign exchange multiplier effect works its way through the economy. Moreover, the local currency generated can be more readily applied to traditional development assistance activities because the various inputs required are available in Zimbabwe and because the execution and planning capacity within Government and the private sector is, in general, quite adequate. CIP assistance provides essential "bridging" support to keep many private businesses producing and investing until government can resume increased foreign exchange allocations. Non-project aid of this nature also affords the Mission continued access to Government and opportunity to sustain our policy dialogue with GOZ officials. This type of assistance will be the mainstay of the AID program as the level is gradually reduced. BEST and ZASA will also provide the final tranches of funding to permit continued financing for programs in the constraint areas identified by both programs.

Although a non-add item, the HIG program is ranked fourth. This ranking is consistent with the Mission's objective during this phase-down period to transfer foreign exchange resources and to speed the shift of A.I.D. assistance to less concessional modes. Also, by FY 1985, if A.I.D. is still in the "housing business" in Zimbabwe, we will have made significant policy accomplishments in the shelter sector which will include: involving, through earlier pilot efforts, private building societies in the provision of financing for low-income housing; and encouraging, through demonstration and dialogue, the GOZ to adopt a low-cost housing policy based on aided self-help, affordability and no subsidization. Policy reforms in these key areas will likely promote continued other donor support--particularly the U.N. and World Bank in shelter development programs -- thereby possibly further increasing the flow of foreign exchange resources into the economy during this transition period.

Although ranked fifth, the Community Development Support Project is an important Mission initiative. Its implementation represents a major Mission policy accomplishment with respect to GOZ policy regarding involvement and funding for U.S. based NGO's as well as support for locally based NGO's involved in community based employment and income generating activities. It is ranked fifth for two reasons. First, it does not transfer significant foreign exchange resources to help temporarily underpin the private sector and secondly, it is likely that implementation will be slow initially, therefore obviating the need for a quick infusion of funds in FY 1985. Nonetheless, the program represents an important means for the Mission to pursue the employment, income and institutional development elements of our strategy.

EVALUATION ISSUES NARRATIVE
FY 1985 ABS

I. Mission Evaluation Program - Purpose

The Mission's evaluation program serves two important functions. First, it systematically assesses Mission and GOZ progress and performance in implementing A.I.D. financed economic assistance activities. The information generated through periodic evaluation helps the Mission and government make decisions regarding form, content and focus of our program. Evaluation information also leads to new Mission initiatives or the identification of potential programs/projects that may be funded by other donors. Given the start up nature of this program it has not yet been appropriate to use evaluation information/results in helping the Mission and government to make decisions on major project alterations or even project termination. The second important purpose served by our evaluation program is that it is the Mission's primary means of measuring progress or lack thereof, in achieving the strategy objectives as articulated in the approved CDSS while at the same time identifying possible areas for strategy adjustment or refinement.

The Mission evaluation program will go into full swing in late FY 1983 and FY 1984. During this period the first formative evaluation will be conducted on a number of Mission programs/projects as listed in Table VII. These evaluations have been timed at critical periods during project implementation to generate specific information or to aid in making important implementation decisions.

- The ZASA (613-0209) evaluation will be particularly concerned with the smooth functioning of the inter-ministerial working group of which A.I.D. is a part. Over the past few months, the group has experienced difficulty in meeting and making decisions crucial to the timely implementation of the program. USAID has worked closely with the government to smooth out the rough spots and the evaluation will be useful in identifying potential problem areas and in recommending possible solutions.

- The first evaluation of the CSFA project (613-0219) will follow a detailed management assessment of the Child Spacing Association of Zimbabwe, a logistics assessment and the development of an information education and communication (IEC) plan for CSFA. The evaluation will be particularly interested in assessing CSFA progress in implementing the recommendations of the management assessment, which was a condition for AID involvement in the project.

- In June the Mission will undertake the first evaluation aimed at measuring progress in implementing the policy dialogue, (especially the macro economic framework), and private sector development elements of the Mission's strategy. If necessary, the evaluation will also make recommendations for adjustment and seek to set definite and to the extent possible, quantifiable benchmarks for gauging successful strategy implementation. Similar periodic evaluations will examine various aspects of the Mission's strategy and generate a continuous flow of information to refine and sharpen Mission program and strategy content.

II. Major Evaluation Issues

During FYs 84 and 85, Mission evaluations will focus on the following key issues that impact on meeting Mission strategy objectives.

- Review the local policy environment and AID's policy dialogue, the macro economic framework and the private sector. In anticipation of a gradual phase down of the program beginning in FY 1985, this evaluation will also focus on identifying possible future areas of assistance that require less concessional aid as well as opportunities for assisting on a reimbursable basis.

- Assess agricultural sector policy performance. Programs that benefit small farmers, cooperatives, extension services, marketing etc. Impact of ZASA program/government policies on small-farmer production.

Programs/policies aimed at maintaining commercial-farmer production. Assessment of progress in strengthening institutional capacity in the agriculture sector.

- Examine impact of AID program on addressing skilled manpower constraint. Review long-term training impact, teacher training programs, institutional capacity and education sector reforms adopted as a result of assistance through BEST. Assess impact on student teacher ratios, curriculum, and overall cost efficiency of education.
- Assess government policies with respect to population and family planning and the impact of AID program on policy and ultimately population growth rate.
- Measure progress in assisting GOZ to meet low-cost housing requirements for low-income groups. The evaluation will assess work of long-term technical experts and progress in implementing HIG programs.
- Determine impact of foreign exchange resources provided through the CIP on overall foreign exchange availabilities to the private sector. Assess impact of the program on productivity, employment and incomes. This will be done in October 1983.

The project/program related issues to be covered by Mission evaluations in FYs 84 and 85 are listed in Table VII. Also, note that the above represents only a sampling of the key strategy related issues that will be addressed by USAID/Zimbabwe's evaluations. Over the course of the two fiscal years, the Mission will evaluate and reassess the CDSS in its entirety and make program and strategy adjustments as deemed appropriate.

TABLE VII - LIST OF PLANNED EVALUATIONS
 FY 1985 ANNUAL BUDGET SUBMISSION
 COUNTRY/OFFICE USAID/Zimbabwe

Project List (Project No. & Title)	Last Eval Completed (Mo./Yr.)		FY 1984 Start To AID/W (Qtr) (Qtr)		FY 1985 Start To AID/W (Qtr) (Qtr)		Reasons/Issues	Funding Source (\$000)	USAID Person Days	Collateral AID Assistance
	1st	1st	1st	1st	1st	1st				
613-0209 Zimbabwe Agr. Sector Assistance	None	3/84	1st 3/84	1st 4/84	1st 3/85	1st 4/85	PACD= September 30, 1987 In March 1984 the Mission, the ZASA working group and outside technical experts will conduct a mid-term evaluation of ZASA. The evaluation will focus in the functioning of the working group, the foreign exchange allocation process, the allocation of local currency to the constraint areas and overall progress in meeting sector objectives as contained in the Project Agreement. The evaluation will also make recommendations for changes and or corrective actions if necessary.	ESF 30 (PMR) 60 person days outside consultants	15	None
613-216 Commodity Import Program (CIP) Loan No. 613-K 603	None	10/83	1st 10/83	1st 11/83	None	None	PACD(TDD)= October 6, 1983 As noted earlier in the Action Plan, the CIP is the Mission's tool for relaxing the foreign exchange constraint and promoting support and development of the private sector. A dual purpose is served by the generation of local currency for allocation to development activities that benefit small farmers. The evaluation will review the efficiency of the GOZ in implementing the program, including the timeliness of allocations, foreign exchange, program monitoring and management/use of local currency generations. The evaluation will examine whether the program has resulted in increased foreign exchange allocations to the private sector and whether any positive policy reforms in this regard can be attributed to the CIP.	ESF 5 30 person days local economist	15	REDSO/ESA Economist 15 days

TABLE VII - LIST OF PLANNED EVALUATIONS
FY 1985 ANNUAL BUDGET SUBMISSION
COUNTRY/OFFICE USAID/Zimbabwe

Project List (Project No. & Title)	Last Eval Completed (Mo./Yr.)	FY 1984		FY 1985		Reasons/Issues	Funding Source (\$000)	USAID Person Days	Collateral AID Assistance
		Start (Qtr)	To (Qtr)	Start (Qtr)	To (Qtr)				
613-0205 T.A. Services for Low Cost Shelter Program	None	1st 11/83	1st 12/83	3rd 5/85	3rd 6/85	PACD- September 30, 1984 This project provides T.A. resources commodities and short-term training to the GOZ to complement and facili- tate the implementation of the HIG program totalling \$50 million. The evaluation will assess the work of the two long term technicians assigned to the Ministry of Housing and measure impact of the program on: development of aided self-help housing systems and plans; community organizations; A.I.D. supported shelter projects; project planning in MOH; studies and analyses comple- ted and their usefulness to GOZ/MOH housing policies and plans. This evaluation will also assess programs in implementing the first HIG program signed in January 1982. The FY 1985 evaluation will look at the Phase II HIG and will measure progress in meeting housing construc- tion targets, overall impact of T.A. housing, infrastructure and planning assistance on GOZ/MOH housing policy and plans and extent to which assis- tance has contributed to achieving Missions' housing sector strategy objectives.	None	15 days	AID/RHJDO RHJDO/ESA 15 days each
John F. Hicks, Deputy Director - Mission Evaluation Coordinator 5%									
The Mission has adopted a management style that emphasizes a very small USMI staff. In proportion to the size of our program, large units of management, and significant reliance on GOZ ability and capacity to implement A.I.D. assistance programs. The Mission focuses on program monitoring collaborating closely with the GOZ, program design and pursuing policy dialogue issues. To operate in this way, all mission officers except the director, have project management responsibility as well as the primary responsibility for planning evaluation of their programs. The Deputy Director, manages two large projects, serves as Mission Program Officer and coordinates evaluations for the Mission under these circumstances, Mission Evaluation Officer duties are shared with the rest of the staff.									

TABLE VII - LIST OF PLANNED EVALUATIONS
 FY 1985 ANNUAL BUDGET SUBMISSION
 COUNTRY/OFFICE USAID/Zimbabwe

Project List (Project No. & Title)	Last Eval Completed (Mo./Yr.)	FY 1984		FY 1985		Reasons/Issues	Funding Source (\$000)	USAID Person Days	Collateral AID Assistance
		Start (Qtr)	To AID/W (Qtr)	Start (Qtr)	To AID/W (Qtr)				
613-0215 Zimbabwe Manpower Dev. Program	None	4th 7/84	4th 7/84	None	None	PACD= January 1, 1987 This project assists the GOZ in over-coming its critical manpower shortage through training trainers, staff development and short-term technical assistance in selected areas relevant to GOZ priorities in small farm agriculture, technical manpower development, management, teacher training and health. An external mid project evaluation will assess progress to date, appropriateness of training and short-term technical assistance provided under the project, extent to which training is contributing to relaxing manpower constraints and proposals for adjustments in the project - if necessary.	ESF 30 (PMR) 60 person days outside consultants	None	None
613-0219 Child Spacing & Fertility Project	None	None	None	3rd 6/85	4th 8/85	PACD=September 30, 1986 This project will extend coverage of childspacing information and services to semi-urban and rural areas of Zimbabwe through increasing the management, technical and training capacity of the CSFA. This external evaluation will assess progress in reaching project targets as contained in PP; the progress and effectiveness of CSFA management and administration; the performance of the expanded services of the association particularly those activities added by this project and the effectiveness of the project in reducing the population growth rate and thereby contributing to the Mission's strategy objective in this area.	ESF 30 (PMR) 60 person days	None	None

TABLE VII - LIST OF PLANNED EVALUATIONS
 FY 1985 ANNUAL BUDGET SUBMISSION
 COUNTRY/OFFICE USAID/Zimbabwe

Project List (Project No. & Title)	Last Eval Completed (Mo./Yr.)	FY 1984		FY 1985		Reasons/Issues	Funding Source (\$000)	USAID Person Days	Collateral AID Assistance
		Start (Qtr)	To (Qtr)	Start (Qtr)	To (Qtr)				
613-0220 Adult Literacy		11/83	12/83	None		In November, an independently conducted summative evaluation will assess the accomplishments of the project and seek to measure the extent to which the project's purpose of expanding the number of adult functionally literate Zimbabweans has been achieved. Particular attention will be given to targets set by project and recommendations for improving the overall performance of the Adult Literacy Organization of Zimbabwe.	ESF 15 30 person days	None	None
613-0224 Books for New Literates	None	10/83	11/83	11/84	12/84	The project, which complements the Adult Literacy project discussed above seeks to increase the availability of simplified and relevant reading materials available to new literates. Evaluation will be conducted in both FYs 84 and 85. The formative evaluation in FY 1984 will examine the extent to which the project is meeting its stated targets and assess overall project implementation. Where necessary, corrective action will be recommended. The summative evaluation will measure the impact of the project on achieving the stated purpose. The evaluators will also be expected to make recommendations on the focus and direction of future literacy programs in Zimbabwe.	ESF 15 (PMR) 30 person days	15	REFSO/ESA 15 person days

TABLE VIII NARRATIVE

USAID/Zimbabwe is managing the second largest program in Africa with an extremely small USDH and FSN staff in relation to program size. The present staff consists of eight USDH: the Director, his Secretary, Deputy Director, Human Resources Officer, Agricultural/Rural Development Officer, Supply Management Officer, Controller and Regional Development Officer.

Because of the limited staff, each person performs more than the normal duties associated with his/her position. For example, the Deputy Director handles Administration, Population and Housing Guarantee activities as well as functioning as Program Officer; the Agricultural/Rural Development Officer handles his program plus PL-480; and the Human Resources Development Officer handles his program plus PVO activity.

The USDH staff will be increased by one regional person beginning October 1984. Some of the support costs for this person, such as furniture and rent will be incurred in FY 1984 in order to prepare for the person's arrival. The effect of the additional person on salary, travel and other support costs will occur in FY 1985.

Due to the small direct-hire staff of the Mission, we rely heavily on contractors to perform duties that would normally be done by USDH. In FY 1984, we will be increasing the contract staff by two US contractors who will work for the Regional Development Officer. The high US personal services costs in FY 1984 and FY 1985 are due to the costs of hiring these contractors, getting them to and from post and supporting them once they arrive. In addition, the FN personal services costs will be increased at the beginning of FY 1984 by an additional administrative person to support the Regional office.

The majority of the \$455.0 increase from FY1983 to FY1984 consists of:

Increase in Foreign National Staff to full level.	\$ 36.5
Two U.S. Contractors for Regional Office.	464.5

Increase in Foreign National Contract Staff to include full year's employment for all contractors and one additional contractor for Regional Office.

34.7

\$535.74

These increases are offset by decreases due to the expected completion of office renovations funded in FY1983 and the purchase of one less vehicle in FY1984.

The changes from FY1984 to FY1985 are due to the funding of two-year contracts for the US Contractors for the Regional Program in FY1984 which causes a large decrease. This is offset by the increased personnel movements as officers complete their second tours and are replaced.

ORGANIZATION USAID/Zimbabwe

<u>EXPENSE CATEGORY</u>	<u>FUNCTION CODE</u>	<u>OBJECT CLASS</u>	<u>DOLLAR FUNDED</u>	<u>TRUST FUNDED</u>	<u>TOTAL BUDGET</u>	<u>UNITS</u>
<u>U.S. DIRECT HIRE</u>	U100		584.9	-	584.9	XXXXX
U.S. CITIZENS BASIC PAY	U101	110	391.1			7.75
PT/TEMP U.S. BASIC PAY	U102	112				0
DIFFERENTIAL PAY	U103	116	35.6			XXXXX
OTHER AID/W FUNDED O.C. 11	U104	119				XXXXX
OTHER MISSION FUNDED O.C 11	U105	119	2.8			XXXXX
EDUCATION ALLOWANCES	U106	126	4.0			4.0
RETIREMENT - U.S.	U107	120	27.4		27.4	XXXXX
LIVING ALLOWANCES	U108	128	-			XXXXX
OTHER AID/W FUNDED O.C. 12	U109	129	12.0			XXXXX
OTHER MISSION FUNDED O.C.12	U110	129	.3			XXXXX
POST ASSIGNMENT - TRAVEL	U111	212	9.9			4.0
POST ASSIGNMENT - FREIGHT	U112	22	47.2			4.0
HOME LEAVE - TRAVEL	U113	212	29.7			5.0
HOME LEAVE - FREIGHT	U114	22	13.2			5.0
EDUCATION TRAVEL	U115	215				
R AND R TRAVEL	U116	215	6.3			2.0
ALL OTHER CODE 215 TRAVEL	U117	215	5.4			3.0
<u>FOREIGN NATIONAL DH</u>	U200		40.0	1.0	41.0	XXXXX
BASIC PAY	U201	114	31.6		31.6	3.3
OVERTIME, HOLIDAY PAY	U202	115	2.0	1.0	3.0	.1
ALL OTHER CODE 11 - FN	U203	119	4.2		4.2	XXXXX
ALL OTHER CODE 12 - FN	U204	129	2.2		2.2	XXXXX
BENEFITS FORMER FN PERS.	U205	13				XXXXX
<u>CONTRACT PERSONNEL</u>	U300		161.9		161.9	XXXXX
PASA TECHNICIANS	U301	258				.0
U.S. PSC - SALARY/BENEFITS	U302	113	14.9		14.9	1.2
ALL OTHER U.S. PSC COSTS	U303	255				XXXXX
F.N. PSC - SALARY/BENEFITS	U304	113	131.0		131.0	11.5
ALL OTHER F.N. PSC COSTS	U305	255	16.0		16.0	XXXXX
<u>HOUSING</u>	U400		116.5	15.0	131.5	XXXXX
RENT	U401	235	41.6		41.6	4.5
UTILITIES	U402	235	7.5		7.5	XXXXX
RENOVATION AND MAINT.	U403	259	10.0	15.0	25.0	XXXXX
QUARTERS ALLOWANCE	U404	127				
PURCHASES RES. FURN/EQUIP.	U405	311	18.3		18.3	XXXXX
TRANS./FREIGHT - CODE 311	U406	22	24.6		24.6	XXXXX
SECURITY GUARD SERVICES	U407	254	12.0		12.0	XXXXX
OFFICIAL RESIDENCE ALLOW.	U408	254	1.5		1.5	XXXXX
REPRESENTATION ALLOWANCE	U409	252	1.0		1.0	XXXXX

ORGANIZATION

<u>EXPENSE CATEGORY</u>	<u>FUNCTION CODE</u>	<u>OBJECT CLASS</u>	<u>DOLLAR FUNDED</u>	<u>TRUST FUNDED</u>	<u>TOTAL BUDGET</u>	<u>UNITS</u>
<u>OFFICE OPERATIONS</u>	U500		363.6	128.2	491.8	XXXXX
RENT	U501	234	.5		.5	XXXXX
UTILITIES	U502	234	3.5		3.5	XXXXX
BUILDING MAINT./RENOV.	U503	259	30.0	86.0	116.0	XXXXX
OFFICE FURN./EQUIP.	U504	310	11.0		11.0	XXXXX
VEHICLES	U505	312	20.0		20.0	XXXXX
OTHER EQUIPMENT	U506	319	24.3		24.3	XXXXX
TRANSPORTATION/FREIGHT	U507	22	6.8		6.8	XXXXX
COMMUNICATIONS	U508	230	20.6	5.0	25.6	XXXXX
SECURITY GUARD SERVICES	U509	254	20.0		20.0	XXXXX
PRINTING	U510	24	.5		.5	XXXXX
RIG/II OPERATIONAL TRAVEL	U511	210				
SITE VISITS	U512	210	5.4		5.4	3.0
INFORMATION MEETINGS	U513	210	7.5		7.5	4.0
TRAINING ATTENDANCE	U514	210	3.5		3.5	3.0
CONFERENCE ATTENDANCE	U515	210	7.5		7.5	3.0
OTHER OPERATIONAL TRAVEL	U516	210	79.5	1.0	80.5	38.0
SUPPLIES AND MATERIALS	U517	26	20.0		20.0	XXXXX
FAAS	U518	257	45.0		45.0	XXXXX
CONSULTING SVCS - CONT.	U519	259				XXXXX
MGT./PROF. SVCS. - CONT.	U520	259	1.0	6.2	7.2	XXXXX
SPEC. STUDIES/ANALYSES CONT.	U521	259		30.0	30.0	XXXXX
ALL OTHER CODE 25	U522	259	57.0		57.0	XXXXX
TOTAL O.E. BUDGET			<u>1266.9</u>	<u>144.2</u>	<u>1411.1</u>	<u>XXXXX</u>
RECONCILIATION			<u>511.1</u>	<u>144.2</u>	<u>655.3</u>	<u>XXXXX</u>
OPERATING ALLOWANCE REQUEST			<u>755.8</u>	<u>0</u>	<u>755.8</u>	<u>XXXXX</u>
OTHER INFORMATION:						
Dollar requirement for local currency costs					406	
Exchange rate used (as of May 1, 1983)					<u>1.04</u>	

TABLE VIII - FY 1984

ORGANIZATION USAID/Zimbabwe

<u>EXPENSE CATEGORY</u>	<u>FUNCTION CODE</u>	<u>OBJECT CLASS</u>	<u>DOLLAR FUNDED</u>	<u>TRUST FUNDED</u>	<u>TOTAL BUDGET</u>	<u>UNITS</u>
<u>U.S. DIRECT HIRE</u>	U100		603.4		603.4	XXXXX
U.S. CITIZENS BASIC PAY	U101	110	415.0		415.0	8.0
PT/TEMP U.S. BASIC PAY	U102	112	-		-	.0
DIFFERENTIAL PAY	U103	116	41.0		41.0	XXXXX
OTHER AID/W FUNDED O.C. 11	U104	119	-		-	XXXXX
OTHER MISSION FUNDED O.C. 11	U105	119	-		-	XXXXX
EDUCATION ALLOWANCES	U106	126	8.2		8.2	7.6
RETIREMENT - U.S.	U107	120	29.1		29.1	XXXXX
LIVING ALLOWANCES	U108	128	-		-	XXXXX
OTHER AID/W FUNDED O.C. 12	U109	129	14.0		14.0	XXXXX
OTHER MISSION FUNDED O.C.12	U110	129	.2		.2	XXXXX
POST ASSIGNMENT - TRAVEL	U111	212	4.6		4.6	1.0
POST ASSIGNMENT - FREIGHT	U112	22	16.7		16.7	1.0
HOME LEAVE - TRAVEL	U113	212	13.3		13.3	3.0
HOME LEAVE - FREIGHT	U114	22	20.8		20.8	3.0
EDUCATION TRAVEL	U115	215	-		-	.0
R AND R TRAVEL	U116	215	30.5		30.5	12.0
ALL OTHER CODE 215 TRAVEL	U117	215	10.0		10.0	3.0
<u>FOREIGN NATIONAL DH</u>	U200		83.9		83.9	XXXXX
BASIC PAY	U201	114	76.5		76.5	5.0
OVERTIME, HOLIDAY PAY	U202	115	2.0		2.0	.1
ALL OTHER CODE 11 - FN	U203	119	-		-	XXXXX
ALL OTHER CODE 12 - FN	U204	129	5.4		5.4	XXXXX
BENEFITS FORMER FN PERS.	U205	13	-		-	XXXXX
<u>CONTRACT PERSONNEL</u>	U300		646.2		646.2	XXXXX
PASA TECHNICIANS	U301	258	-		-	.0
U.S. PSC - SALARY/BENEFITS	U302	113	333.3		333.3	4.0
ALL OTHER U.S. PSC COSTS	U303	255	131.2		131.2	XXXXX
F.N. PSC - SALARY/BENEFITS	U304	113	168.7		168.7	14.0
ALL OTHER F.N. PSC COSTS	U305	255	13.0		13.0	XXXXX
<u>HOUSING</u>	U400		134.2		134.2	XXXXX
RENT	U401	235	16.1		16.1	2.0
UTILITIES	U402	235	11.0		11.0	XXXXX
RENOVATION AND MAINT.	U403	259	11.8		11.8	XXXXX
QUARTERS ALLOWANCE	U404	127	-		-	.0
PURCHASES RES. FURN/EQUIP.	U405	311	29.7		29.7	XXXXX
TRANS./FREIGHT - CODE 311	U406	22	44.6		44.6	XXXXX
SECURITY GUARD SERVICES	U407	254	18.0		18.0	XXXXX
OFFICIAL RESIDENCE ALLOW.	U408	254	1.5		1.5	XXXXX
REPRESENTATION ALLOWANCE	U409	252	1.5		1.5	XXXXX

ORGANIZATION USAID/Zimbabwe

<u>EXPENSE CATEGORY</u>	<u>FUNCTION CODE</u>	<u>OBJECT CLASS</u>	<u>DOLLAR FUNDED</u>	<u>TRUST FUNDED</u>	<u>TOTAL BUDGET</u>	<u>UNITS</u>
<u>OFFICE OPERATIONS</u>	U500		<u>287.2</u>	<u>67.0</u>	<u>354.2</u>	<u>XXXXX</u>
RENT	U501	234	<u>.5</u>		<u>.5</u>	<u>XXXXX</u>
UTILITIES	U502	234	<u>3.8</u>		<u>3.8</u>	<u>XXXXX</u>
BUILDING MAINT./RENOV.	U503	259	<u>5.5</u>		<u>5.5</u>	<u>XXXXX</u>
OFFICE FURN./EQUIP.	U504	310	<u>4.2</u>		<u>4.2</u>	<u>XXXXX</u>
VEHICLES	U505	312	<u>12.0</u>		<u>12.0</u>	<u>XXXXX</u>
OTHER EQUIPMENT	U506	319	<u>16.0</u>		<u>16.0</u>	<u>XXXXX</u>
TRANSPORTATION/FREIGHT	U507	22	<u>5.5</u>		<u>5.5</u>	<u>XXXXX</u>
COMMUNICATIONS	U508	230	<u>16.2</u>	<u>12.0</u>	<u>28.2</u>	<u>XXXXX</u>
SECURITY GUARD SERVICES	U509	254	<u>-</u>	<u>30.0</u>	<u>30.0</u>	<u>XXXXX</u>
PRINTING	U510	24	<u>1.0</u>		<u>1.0</u>	<u>XXXXX</u>
RIG/II OPERATIONAL TRAVEL	U511	210			<u>.0</u>	<u>.0</u>
SITE VISITS	U512	210	<u>2.0</u>		<u>2.0</u>	<u>4.0</u>
INFORMATION MEETINGS	U513	210	<u>5.4</u>		<u>5.4</u>	<u>7.0</u>
TRAINING ATTENDANCE	U514	210	<u>5.7</u>		<u>5.7</u>	<u>4.0</u>
CONFERENCE ATTENDANCE	U515	210	<u>7.5</u>		<u>7.5</u>	<u>3.0</u>
OTHER OPERATIONAL TRAVEL	U516	210	<u>86.2</u>	<u>5.0</u>	<u>91.2</u>	<u>84.0</u>
SUPPLIES AND MATERIALS	U517	26	<u>27.3</u>	<u>10.0</u>	<u>37.3</u>	<u>XXXXX</u>
FAAS	U518	257	<u>45.0</u>		<u>45.0</u>	<u>XXXXX</u>
CONSULTING SVCS - CONT.	U519	259	<u>-</u>		<u>-</u>	<u>XXXXX</u>
MGT./PROF. SVCS. - CONT.	U520	259	<u>2.0</u>		<u>2.0</u>	<u>XXXXX</u>
SPEC. STUDIES/ANALYSES CONT.	U521	259	<u>3.0</u>		<u>3.0</u>	<u>XXXXX</u>
ALL OTHER CODE 25	U522	259	<u>38.4</u>	<u>10.0</u>	<u>48.4</u>	<u>XXXXX</u>
TOTAL O.E. BUDGET			<u>1754.9</u>	<u>67.0</u>	<u>1821.9</u>	<u>XXXXX</u>
RECONCILIATION			<u>544.1</u>	<u>67.0</u>	<u>611.1</u>	<u>XXXXX</u>
OPERATING ALLOWANCE REQUEST			<u>1210.8</u>		<u>1210.8</u>	<u>XXXXX</u>

OTHER INFORMATION:

Dollar requirement for local currency costs
Exchange rate used (as of May 1, 1983)

531.4
US\$1.04 = Z\$1.00

Estimated Wage Increases - FY 1983 to FY 1984
Estimated Price Increases - FY 1983 to FY 1984

5.1
40.2

ORGANIZATION USAID/Zimbabwe

<u>EXPENSE CATEGORY</u>	<u>FUNCTION CODE</u>	<u>OBJECT CLASS</u>	<u>DOLLAR FUNDED</u>	<u>TRUST FUNDED</u>	<u>TOTAL BUDGET</u>	<u>UNITS</u>
<u>U.S. DIRECT HIRE</u>	U100		773.2		773.2	XXXXX
U.S. CITIZENS BASIC PAY	U101	110	493.0			9.3
PT/TEMP U.S. BASIC PAY	U102	112	-			.0
DIFFERENTIAL PAY	U103	116	48.0			XXXXX
OTHER AID/W FUNDED O.C. 11	U104	119				XXXXX
OTHER MISSION FUNDED O.C 11	U105	119				XXXXX
EDUCATION ALLOWANCES	U106	126	12.9			9
RETIREMENT -- U.S.	U107	120	34.5			XXXXX
LIVING ALLOWANCES	U108	128				XXXXX
OTHER AID/W FUNDED O.C. 12	U109	129	18.0			XXXXX
OTHER MISSION FUNDED O.C.12	U110	129	.8			XXXXX
POST ASSIGNMENT - TRAVEL	U111	212	20.1			4.0
POST ASSIGNMENT - FREIGHT	U112	22	72.5			4.0
HOME LEAVE - TRAVEL	U113	212	25.5			7.0
HOME LEAVE - FREIGHT	U114	22	17.1			7.0
EDUCATION TRAVEL	U115	215	-			
R AND R TRAVEL	U116	215	19.1			6.0
ALL OTHER CODE 215 TRAVEL	U117	215	11.7			3.0
<u>FOREIGN NATIONAL DH</u>	U200		96.9		96.9	XXXXX
BASIC PAY	U201	114	87.0			5.0
OVERTIME, HOLIDAY PAY	U202	115	2.0			.1
ALL OTHER CODE 11 - FN	U203	119				XXXXX
ALL OTHER CODE 12 - FN	U204	129	7.9			XXXXX
BENEFITS FORMER FN PERS.	U205	13	-			XXXXX
<u>CONTRACT PERSONNEL</u>	U300		205.3		205.3	XXXXX
PASA TECHNICIANS	U301	258	-			
U.S. PSC - SALARY/BENEFITS	U302	113	10.0			.5
ALL OTHER U.S. PSC COSTS	U303	255	-			XXXXX
F.N. PSC - SALARY/BENEFITS	U304	113	181.3			14.0
ALL OTHER F.N. PSC COSTS	U305	255	14.0			XXXXX
<u>HOUSING</u>	U400		91.2		91.2	XXXXX
RENT	U401	235	30.3			3.5
UTILITIES	U402	235	14.6			XXXXX
RENOVATION AND MAINT.	U403	259	16.5			XXXXX
QUARTERS ALLOWANCE	U404	127	1.0			
PURCHASES RES. FURN/EQUIP.	U405	311	1.3			XXXXX
TRANS./FREIGHT - CODE 311	U406	22	.5			XXXXX
SECURITY GUARD SERVICES	U407	254	24.0			XXXXX
OFFICIAL RESIDENCE ALLOW.	U408	254	1.5			XXXXX
REPRESENTATION ALLOWANCE	U409	252	1.5			XXXXX

ORGANIZATION USAID/Zimbabwe

<u>EXPENSE CATEGORY</u>	<u>FUNCTION CODE</u>	<u>OBJECT CLASS</u>	<u>DOLLAR FUNDED</u>	<u>TRUST FUNDED</u>	<u>TOTAL BUDGET</u>	<u>UNITS</u>
<u>OFFICE OPERATIONS</u>	U500		307.1	66.0	373.1	XXXXX
.RENT	U501	234	.5		.5	XXXXX
.UTILITIES	U502	234	4.2		4.2	XXXXX
.BUILDING MAINT./RENOV.	U503	259	3.5		3.5	XXXXX
.OFFICE FURN./EQUIP.	U504	310	3.2		3.2	XXXXX
.VEHICLES	U505	312	25.0		25.0	XXXXX
.OTHER EQUIPMENT	U506	319	-		-	XXXXX
.TRANSPORTATION/FREIGHT	U507	22	2.1		2.1	XXXXX
.COMMUNICATIONS	U508	230	15.8	18.0	33.8	XXXXX
.SECURITY GUARD SERVICES	U509	254		33.0	33.0	XXXXX
.PRINTING	U510	24	1.0		1.0	XXXXX
.RIG/II OPERATIONAL TRAVEL	U511	210	-		-	0
.SITE VISITS	U512	210	2.2		2.2	4.0
.INFORMATION MEETINGS	U513	210	5.8		5.8	7.0
.TRAINING ATTENDANCE	U514	210	6.2		6.2	4.0
.CONFERENCE ATTENDANCE	U515	210	8.1		8.1	3.0
.OTHER OPERATIONAL TRAVEL	U516	210	105.1	5.0	110.1	99.0
.SUPPLIES AND MATERIALS	U517	26	29.4		29.4	XXXXX
.FAAS	U518	257	50.0		50.0	XXXXX
.CONSULTING SVCS - CONT.	U519	259				XXXXX
.MGT./PROF. SVCS. - CONT.	U520	259	5.0		5.0	XXXXX
.SPEC. STUDIES/ANALYSES CONT.	U521	259				XXXXX
.ALL OTHER CODE 25	U522	259	40.0	10.0	50.0	XXXXX
 TOTAL O.E. BUDGET			1473.7	66.0	1539.7	XXXXX
 RECONCILIATION			643.5	66.0	709.5	XXXXX
 OPERATING ALLOWANCE REQUEST			830.2	-	830.2	XXXXX

OTHER INFORMATION:

Dollar requirement for local currency costs
Exchange rate used (as of May 1, 1983)

540.3
US\$1.04 = Z\$1.00

Estimated Wage Increases - FY 1984 to FY 1985
Estimated Price Increases - FY 1984 to FY 1985

23.1*
26.7

* Includes PSC's

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TABLE VIII(a)
OBLIGATIONS OF ADP SYSTEMS
(\$000)

<u>USAID/ZIMBABWE</u>	<u>Fiscal Year</u>		
	1983	1984	1985
A. <u>Capital Investments</u>			
1. Purchase of ADP Equipment	21,500	16,000	-
2. Purchase of Software	2,000	2,000	2,000
Subtotal	23,500	18,000	2,000
B. <u>Personnel</u>			
1. Compensation, Benefits, Travel			-
2. Workyears			-
Subtotal			
C. <u>Equipment Rental and Other</u>			
<u>Operating Costs</u>			
1. ADP Equipment (ADPE) Rentals			
2. Supplies and Leased Software	1,000	2,500	2,500
Subtotal			
D. <u>Commercial Services</u>			
1. ADP Service Bureau			
2. Systems Analysis and Programming	*		
3. ADPE Maintenance (If separate from item C.1.)	8,000	8,500	8,500
Subtotal			
E. <u>Total Obligations (A-D)</u>	26,500	29,000	13,000
F. <u>Interagency Services</u>			
1. Payments			
2. Offsetting Collections			
Subtotal			
G. <u>Grand Total (E+F)</u>	26,500	29,000	13,000
Amount included in <u>Mission allowance</u> for existing systems	9,000	11,000	13,000
Amount included in <u>Mission allowance</u> for new/expanded systems	23,500	18,000	-

*Trust Fund Z\$6,000

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TABLE VIII(b)
OBLIGATIONS FOR WP SYSTEMS
(\$000)

	-----Fiscal Year-----		
	1983	1984	1985
A. Capital Investments in W/P Equipment	-	-	-
B. W/P Equipment Rental and Supplies	-	-	-
C. Other W/P Costs	-	-	-
Total	-	-	-

Amount included in Mission allowance for existing systems

Amount included in Mission allowance for new/expanded systems

TABLE IX NARRATIVE

The Mission's strategy and program approach as articulated in the CDSS and the Action Plan contained in this ABS, is based upon the premise that in Zimbabwe, a large and successful program can be managed with a relatively small U.S. direct-hire staff. Our approach reflects the well established fact that Zimbabwe has sufficient administrative and management capacity to implement and absorb economic assistance - especially the non-project type assistance that the U.S. is providing. The U.S. direct-hire staff has been carefully developed to keep U.S. positions to an absolute minimum while at the same time effectively managing our programs. Therefore, the U.S. direct-hire staff mix reflects the management and technical skills needed to assure successful implementation of Mission programs.

As presently staffed, the bilateral program, with a Supply Management advisor, and Education and Agriculture Officers with economics backgrounds, the Mission has the necessary technical skills to implement our financial resource transfer and sector assistance programs which form the centerpiece of our strategy. This is accomplished by relying on the considerable technical expertise, especially in economics, available locally; periodic legal, project development and technical support from REDSO/ESA and outside contractors and consultants. The Mission also relies heavily on locally employed personnel service contractors that work as secretaries and assistants to the U.S. direct-hire officers. Assuming these resources will continue to be available to the Mission, the USAID/ZIMBABWE bilateral program can be effectively managed within the work year levels reflected in tables IX (a) and IX (b).

The USAID/ZIMBABWE Director also has the field responsibility for the southern Africa regional program and must meet regional staffing requirements from within the Mission workforce level. The regional program staff presently consists of a direct-hire Regional Development Officer and an FSN secretary. As the number of southern Africa regional projects increase, it will be necessary to supplement the staff of the regional office. Even now, another direct-hire officer is needed to help the Regional Development Officer plan and design several new projects being proposed. In the absence of an additional direct-hire position in FY 1984 the Mission is planning, as reflected in Table VIII, to employ two U.S. contract employees (agricultural and economics) to provide the long-term technical skills necessary to successfully implement the program.

In FY 1985 and FY 1986, the additional positions will be used to supplement the regional direct-hire staff with project development and economic analysis personnel necessary to plan and manage the regional projects. With the understanding that the bilateral Missions in the region will share project monitoring and implementation responsibilities, a regional staff of this size should be adequate.

TABLE IX(a) - WORKFORCE REQUIREMENTS (U.S. DIRECT HIRE)

USAID/ZIMBABWE

SKILL CODE	POSITION TITLE	WORKYEARS			
		FY 83	FY 84	FY 85	FY 86
011	Mission Director	1.0	1.0	1.0	1.0
050	Secretary	1.0	1.0	1.0	1.0
012	Deputy Director	.75	1.0	1.0	1.0
043	Controller	1.0	1.0	1.0	1.0
930	Supply Management Officer	1.0	1.0	1.0	1.0
103	Agricultural Development Officer	1.0	1.0	1.0	1.0
601	Human Resources Development Officer	1.0	1.0	1.0	1.0
123	Regional Development Officer	1.0	1.0	1.0	1.0
021	Regional Economist	.0	.0	1.0	1.0
940	Regional Project Development Officer	.0	.0	.0	1.0
	TOTAL	<u>7.75</u>	<u>8.0</u>	<u>9.0</u>	<u>10.0</u>

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TABLE IX(b) - WORKFORCE REQUIREMENTS (P.M. DIRECT HIRE)

USAID/ZIMBABWE

SKILL CODE	POSITION TITLE	WORKYEARS			
		FY 83	FY 84	FY 85	FY 86
050	Secretary-Typing	1.0	1.0	1.0	1.0
072	C & R Clerk	1.0	1.0	1.0	1.0
042	Accounting Clerk	1.0	1.0	1.0	1.0
601	Human Resource Asst.	.75	.0	.0	.0
024	Program Assistant	.0	1.0	1.0	1.0
041	Acct/Fin. Analyst	.0	1.0	1.0	1.0
	TOTAL	3.75	5.0	5.0	5.0

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PAGE 01 HARARE 03050 01 OF 08 071245Z 5139 066498 A108574
ACTION AID-00

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ACTION OFFICE FFP-03
INFO AFEA-01 AFSA-01 AFDP-06 AFDR-06 FVA-01 OFDA-02 GC-01
GCAF-01 GCFL-01 PPDC-01 FM-02 C-01 CALI-02 CPP-01 CPS-02
CT-01 STAG-02 STHE-01 STM-03 STMD-01 STFN-01 SAST-01
ENGR-01 PVC-02 AFDA-01 FVPP-01 STFA-01 RELO-01 STMP-01
MAST-01 /055 A2 X08

INFO OCT-00 INR-10 EUR-00 AF-00 CIAE-00 EB-00 10-15
L-03 AGRE-01 DES-09 /103 W

-----136764 071310Z /38

P 071200Z JUN 83
FM AMEMBASSY HARARE
TO SECSTATE WASHDC PRIORITY 0036
INFO AMEMBASSY LUSAKA
AMEMBASSY NAIROBI
AMEMBASSY ROME
AMEMBASSY PRETORIA

UNCLAS SECTION 01 OF 08 HARARE 3850

AIDAC

FOR FVA/FFP

PRETORIA FOR AGATT

NAIROBI FOR REDSO

STATE ALSO FOR AF, AF/S AND AF/EPS

ROME FOR FODAG

E.O. 12356: N/A

SUBJECT: PL-480 TITLE II EMERGENCY FOOD AID REQUEST/ZIMBABWE

REF: (A) HARARE 3428 (B) HARARE 3334 (C) HARARE 2515
(D) HARARE 1811 (E) HARARE 0759 (F) HARARE 2482
(G) ROME 07757 (H) HARARE 2793 (I) HARARE 1963
(J) HARARE 1623

1. SUMMARY:

IN A MAY 13 LETTER, THE ZIMBABWE GOVERNMENT (GOZ) MADE A FORMAL, URGENT APPEAL TO THE U.S. GOVERNMENT FOR PL-480 EMERGENCY FOOD AID TO HELP ALLEVIATE FOOD SHORTAGES RESULTING FROM ZIMBABWE'S "WORST DROUGHT OF THE CENTURY". THE GOZ ALSO REQUESTED FINANCIAL ASSISTANCE TO SUPPORT THE GOVERNMENT MOUNTED \$3112 MILLION DOLLAR DROUGHT RELIEF PROGRAM WHICH INCLUDES FOOD DISTRIBUTIONS TO THE MOST SERIOUSLY AFFECTED DROUGHT VICTIMS. THIS MESSAGE SUMMARIZES THE EFFECTS OF ZIMBABWE'S 1982/83 DROUGHT (MORE FULLY DESCRIBED IN REFS A THRU I) AND REVIEWS THE GOZ'S DROUGHT RELIEF AND REHABILITATION PROGRAM. IT IS RECOMMENDED THAT THE UNITED STATES GOVERNMENT RESPOND TO ZIMBABWE'S APPEAL FOR HUMANITARIAN ASSISTANCE BY PROVIDING PL-480 VEGETABLE OIL AND WHEAT TO ZIMBABWE IN TWO TRANCHES OVER TWO FISCAL YEARS WITH LOCAL CURRENCY PROCEEDS BEING USED TO PURCHASE FOOD FOR THE GOZ'S FOOD RELIEF ACTIVITIES AND TO FINANCE OTHER PORTIONS OF THE GOZ'S DROUGHT RELIEF PROGRAM. AID/W IS REQUESTED TO APPROVE THIS RECOMMENDATION AND AUTHORIZE THE MISSION TO BEGIN IMMEDIATELY THE NEGOTIATION OF AN EMERGENCY FOOD AID GRANT.
END SUMMARY

2. DESCRIPTION OF THE DROUGHT

(A) SEVERAL FACTORS HAVE COMBINED TO MAKE THIS YEAR'S DROUGHT ONE OF THE WORST IN 80 YEARS. ABOUT 70 PERCENT OF THE COUNTRY RECEIVED LESS THAN 60 PERCENT OF NORMAL

RAINFALL, AND 20 PERCENT RECEIVED LESS THAN 40 PERCENT OF NORMAL. ONLY THE RELATIVELY UNINHABITED AREA AROUND VICTORIA FALLS RECEIVED MORE THAN 80 PERCENT. THE LITTLE RAIN THAT DID FALL WAS UNTIMELY AND TOO IRREGULAR TO PRODUCE REASONABLE CROPS. SOME RAIN FELL IN EARLY OCTOBER, BUT ONLY NEGLIGIBLE AMOUNTS FELL IN NOVEMBER AND EARLY DECEMBER DURING THE CRITICAL SEEDLING STAGE OF GROWTH. TO AGGRAVATE MATTERS, THIS WAS THE SECOND CONSECUTIVE YEAR OF DROUGHT. GROUND WATER LEVELS THROUGHOUT THE COUNTRY ARE PRECARIOUSLY LOW, RENDERING MANY CROP IRRIGATION SYSTEMS INEFFECTIVE. IN MANY PARTS OF THE COUNTRY, RIVER BEDS, RESERVOIRS AND DAMS ARE COMPLETELY DRY.

(B) ALL RURAL AREAS EXPERIENCED CROP FAILURES IN VARYING DEGREES OF INTENSITY. HOWEVER, THE PROVINCES OF MANICALAND, MASVINGO, MATABELELAND NORTH, MATABELELAND SOUTH AND MOST OF MIDLANDS EXPERIENCED TOTAL CROP FAILURE. THE ENTIRE POPULATION OF THESE FIVE (5) "WORST-HIT" PROVINCES (ESTIMATED AT 3.3 MILLION, OR 44 PERCENT OF ZIMBABWE TOTAL POPULATION) IS CONSIDERED "AT RISK". IN ADDITION, ALL RESETTLEMENT SCHEMES AND MOST SMALL SCALE FARMERS IN OTHER AREAS ARE ALSO SERIOUSLY AFFECTED.

3. EFFECTS OF THE DROUGHT

THE DROUGHT HAS CRIPPLED ZIMBABWE'S AGRICULTURAL INDUSTRY AT A TIME WHEN ITS ECONOMIC PLANNERS WERE RELYING HEAVILY ON THIS SECTOR TO LEAD THE NATION'S ECONOMIC RECOVERY. THE DROUGHT HAS DEVASTATED FOOD CROP PRODUCTION, SEVERELY REDUCED THE NATIONAL LIVESTOCK HERD, PLACED ADDITIONAL STRAIN ON THE BALANCE OF PAYMENTS AND THE ENTIRE ECONOMY AND CAUSED A GREAT DEAL OF DIRECT HUMAN SUFFERING, ESPECIALLY IN THE RURAL AREAS, THROUGH REDUCED WATER SUPPLIES.

(A) CROP PRODUCTION: A REPORT PREPARED BY THE EUROPEAN ECONOMIC COMMUNITY (EEC) VALUES THE DECREASE IN THIS YEAR'S PRODUCTION OF MAIZE, GROUNDNUTS, SOYABEANS, COTTON, AND WHEAT (COMPARED WITH AVERAGE PRODUCTION) AT ROUGHLY \$3260 MILLION. TOTAL PRODUCTION OF MAIZE, ZIMBABWE'S STAPLE CROP, WILL BE ONLY 48 PERCENT OF THE 1981/82 CROP, 23 PERCENT OF THE 1980/81 CROP AND HALF OF ZIMBABWE'S CONSUMPTION REQUIREMENTS. THE PRODUCTION OF SORGHUM, THE SECOND LARGEST SUMMER GRAIN CROP (AND MORE DROUGHT RESISTENT THAN MAIZE), WILL BE ONLY 45 PERCENT OF LAST YEAR'S CROP.

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ACTION AID-00

HARARE 04580 02 OF 04 071258Z 5273 066500 AID9520

ACTION OFFICE FFP-03

INFO AFEA-03 AFSA-01 AFDP-06 AFDR-06 FVA-01 OFDA-02 GC-01
GCAF-01 GCFL-01 PPDC-01 FM-02 C-01 CALI-02 CPP-01 CPO-02
CT-01 STAG-02 STNE-01 STN-03 STPD-01 STFN-01 SACT-01
ENGR-01 PVC-02 AFDA-01 FVPP-01 STFA-01 RELO-01 STHP-01
MAST-01 /055 A2 X00

INFO OCT-00 COPY-01 INR-10 EUR-00 AF-00 CIAE-00 EB-00
10-15 L-03 AGRE-01 DES-09 /104 W

-----137233 071345Z /44-30

P R 071200Z JUN 83

FM AMEMBASSY HARARE
TO SECSTATE WASHDC PRIORITY 0037
INFO AMEMBASSY LUSAKA
AMEMBASSY NAIROBI
AMEMBASSY ROME
AMEMBASSY PRETORIA

UNCLAS SECTION 02 OF 08 HARARE 3050

AIDAC

FOR FVA/FFP

PRETORIA FOR AGATT

NAIROBI FOR REDSO

STATE ALSO FOR AF, AF/S AND AF/EPS

ROME FOR FOAG

GROUNDNUTS, AN IMPORTANT PROTEIN FOOD SOURCE IN THE RURAL AREAS, WILL YIELD ONLY ABOUT 39 PERCENT OF 1982 PRODUCTION. WHEAT, WHICH IS GROWN ENTIRELY UNDER IRRIGATION DURING THE WINTER MONTHS, HAS ALSO BEEN SEVERELY AFFECTED BY LOW WATER TABLES; ONLY 15-20,000 HECTARES ARE EXPECTED TO BE PLANTED COMPARED TO 44,000 PLANTED IN 1982 AND THE 55,000 NEED FOR SELF-SUFFICIENCY. DESPITE AN 18 PERCENT INCREASE IN AREA PLANTED TO SOYABEANS AND A 33 PERCENT INCREASE IN COTTON AREA (ANOTHER DROUGHT RESISTANT CROP) TOTAL PRODUCTION OF THESE IMPORTANT OILSEEDS, AND PROTEIN SOURCES, IS EXPECTED TO BE LESS THAN LAST YEAR.

(B) LIVESTOCK: THE LIVESTOCK HERD, WHICH REPRESENTS FAMILY SAVINGS AND FARMER DRAFT POWER IN THE RURAL "COMMUNAL" AREAS, HAS BEEN PARTICULARLY HARD HIT. APPROXIMATELY 100,000 HEAD OF CATTLE DIED FROM THE 1982 DROUGHT, AND, DESPITE AN EXPANDED GOZ "OPERATION CATTLE RESCUE", THE GOVERNMENT ESTIMATES THAT A FURTHER 250,000 WILL DIE BEFORE THE NEXT RAINS. IN MANY AREAS THE LOSS WILL BE TOTAL. THIS LOSS OF DRAFT POWER AND THE SUBSEQUENT EFFECTS ON CROP PRODUCTION IS VIRTUALLY INCALCULABLE.

(C) WATER SUPPLY: ALTHOUGH THE EFFECTS OF DROUGHT ON FOOD PRODUCTION AND ON SMALL FARMER INCOME HAVE BEEN DEVASTATING, THE SCARCITY OF WATER POSES THE MORE IMMEDIATE THREAT TO HUMAN SURVIVAL IN THE RURAL AREAS. MOST RIVERS AND DAMS AROUND THE COUNTRY ARE EITHER AT VERY LOW LEVELS OR HAVE DRIED UP COMPLETELY. MANY RURAL COMMUNITIES HAVE SEEN THEIR TRADITIONAL WATER SUPPLY DISAPPEAR COMPLETELY. PEOPLE ARE BEING FORCED TO TRAVEL LONG DISTANCES FOR SMALL AMOUNTS OF WATER THAT BARELY COVER THEIR MOST BASIC NEEDS. MANY URBAN CENTRES, INCLUDING HARARE, HAVE IMPOSED WATER RESTRICTIONS ON RESIDENTS IN AN EFFORT TO CONSERVE RAPIDLY DWINDLING RESERVOIRS. THE GOZ NATIONAL DROUGHT RELIEF COMMITTEE ESTIMATES THAT AT LEAST 2,000

BORERHOLES ARE NEEDED TO BRING IMMEDIATE RELIEF, YET EXISTING IN-COUNTRY EQUIPMENT CAN ONLY SIMULATE ABOUT 400 BOREHOLES DURING THE NEXT 12 MONTHS. IN SOME AREAS NEWLY DRILLED BOREHOLES HAVE YIELDED NOTHING BECAUSE OF UNUSUALLY LOW WATER TABLES.

(D) EFFECT ON BALANCE OF PAYMENTS: ZIMBABWE'S BALANCE OF PAYMENTS SITUATION HAS DETERIORATED RECENTLY WITH A CURRENT ACCOUNT DEFICIT OF 21600 MILLION FOR 1982. FOREIGN EXCHANGE RESERVES REPRESENT ONLY ONE MONTH OF IMPORTS. AS A RESULT OF THE DROUGHT, ZIMBABWE WILL HAVE TO USE SCARCER FOREIGN EXCHANGE FOR NON-PRODUCTIVE IMPORTS (PRIMARILY FOOD) AND WILL FACE A DROP IN FOREIGN EXCHANGE EARNINGS BECAUSE OF REDUCED AGRICULTURAL EXPORTS. THE NET RESULT IS AN ESTIMATED 28 PERCENT (2131 MILLION) INCREASE IN THE BOP DEFICIT CAUSED BY THE DROUGHT.

(E) EFFECTS ON GOVERNMENT BUDGET: WERE NO FINANCIAL RESOURCES FORTHCOMING FROM DONORS, THE GOZ'S DROUGHT RELIEF PROGRAM DEALING WITH ONLY EMERGENCY FOOD AND WATER SUPPLIES WOULD COST THE GOZ AN ESTIMATED 28112 MILLION BEYOND THE CURRENT NATIONAL BUDGET. A FURTHER COST IS REHABILITATION OF THE AGRICULTURAL SECTOR. IT IS ESTIMATED THAT 90 PERCENT OF SMALL SCALE FARMERS AND MANY COMMERCIAL FARMERS CANNOT REPAIR THEIR 1982 AGRICULTURE FINANCE CORPORATION (AFC) LOANS, AND THAT THE GOZ WILL HAVE TO REFINANCE THE AFC AT A COST OF ROUGHLY 23110 MILLION (2554 MILLION FOR OLD LOANS AND 2556 MILLION FOR NEW). ALTHOUGH THIS 23110 MILLION WILL PROBABLY BE RECOVERED IN FUTURE YEARS, IT NEVERTHELESS REPRESENTS AN IMMEDIATE DRAIN ON THIS YEAR'S BUDGET.

THE CATTLE RESCUE PLAN WILL COST APPROXIMATELY 2857 MILLION IN 1983, AND THE GOVERNMENT'S PLAN TO DISTRIBUTE SEED PACKS TO CROP FARMERS WILL COST ROUGHLY 2326 MILLION (23102 PER PACK). IN SUM, ALTHOUGH ALL SUCH ESTIMATES ARE HIGHLY TENTATIVE, THE DROUGHT COULD ADD ROUGHLY 23250 - 28300 MILLION OR 10-12 PERCENT OF THE GOZ'S 1982/83 BUDGET.

(F) TOTAL COST: ONE ESTIMATE PUT THE ENTIRE COST OF THE DROUGHT TO THE ECONOMY AT MORE THAN 25500 MILLION FOR THE 1982/83 YEAR ALONE. THIS REPRESENTS ABOUT 11 PERCENT OF THE GNP.

4. ZIMBABWE GOVERNMENT DROUGHT RELIEF PROGRAM

(A) ORGANIZATION: IN EARLY 1982 THE GOVERNMENT OF ZIMBABWE ESTABLISHED A CABINET LEVEL COMMITTEE ON DROUGHT RELIEF. THIS COMMITTEE IS COMPOSED OF FIVE CABINET MINISTERS AND HAS REMAINED IN OPERATION AS THE DROUGHT HAS CONTINUED UNABATED. THE CABINET COMMITTEE, IN TURN, HAS ESTABLISHED A "WORKING GROUP" (SUBCOMMITTEE) COMPOSED OF SEVEN MINISTRIES. THIS SERVES AS THE DAY-TO-DAY PLANNING, EVALUATION AND COORDINATION BODY FOR THE GOVERNMENT'S DROUGHT RELIEF PROGRAM. THE MINISTRY OF LABOR AND SOCIAL SERVICES, THROUGH ITS DEPARTMENT OF SOCIAL SERVICES, RETAINS PRINCIPAL RESPONSIBILITY FOR THE FOOD DISTRIBUTION EFFORTS, BUT IT OBTAINS THE REQUIRED SUPPORT FROM OTHER MINISTRIES VIA THE WORKING GROUP. DROUGHT RELIEF COMMITTEES HAVE ALSO BEEN ESTABLISHED IN EACH OF ZIMBABWE'S EIGHT PROVINCES AND 52 DISTRICTS.

(B) THE DROUGHT RELIEF PROGRAM (RECENTLY 0103 MARCH)

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THE WORKING GROUP PRESENTED TO THE FULL CABINET A "DROUGHT RELIEF PROGRAM" WHICH OUTLINED THE GOVERNMENT'S OVERALL RELIEF AND REHABILITATION PROGRAM IN RESPONSE TO THE DROUGHT. THIS PLAN, WHICH WAS APPROVED BY THE CABINET, FOCUSES PRIMARILY ON "FOOD" RELIEF ASPECTS OF THE DROUGHT, BUT ALSO BRIEFLY REVIEWS PLANS FOR WATER DEVELOPMENT AND THE NATIONAL PLAN TO ASSIST THE CATTLE INDUSTRY. THE BASIC ELEMENTS OF THE PLAN CALL FOR THE FEEDING OF AN AVERAGE OF 2,000,000 PEOPLE PER MONTH THROUGH 10 MARCH, 1984. BASED ON A MONTHLY RATION OF 15KG OF MAIZE GRAIN, 500 GRAMS OF GROUNDNUTS, 500 GRAMS OF DRY BEANS, 750 GRAMS OF "HYPRO BEANS" (PROCESSED WHEAT SOYBEAN) AND 500 GRAMS OF SALT, THE TOTAL COST OF THE RELIEF FOOD IS APPROXIMATELY Z\$74 MILLION (Z\$49 MILLION FOR MAIZE, Z\$5 MILLION FOR GROUNDNUTS, Z\$10 MILLION FOR SOYBEANS, Z\$7 MILLION FOR BEANS AND Z\$2 MILLION FOR SALT). IN ADDITION, THE PLAN CALLS FOR A "Z\$5 MILLION CHILD SUPPLEMENTARY FEEDING PROGRAM REACHING 500,000 CHILDREN OF FIVE YEARS OF AGE AND UNDER IN DROUGHT-STRIKEN AREAS WITH A WEEKLY RATION OF 100 GRAMS BEANS, 100 GRAMS GROUNDNUTS AND 330 GRAMS MAIZE MEAL. ALREADY Z\$15 MILLION HAS BEEN ALLOCATED AND SPENT ON RELIEF FEEDING, AND IT IS ESTIMATED (WE BELIEVE THE ESTIMATE IS A LITTLE HIGH) THAT THE GOZ IS CURRENTLY PROVIDING FOOD RATIONS TO SOME 960,000 PERSONS UNDER BOTH PROGRAMS. TRANSPORT COSTS FOR THE PROGRAM ARE ESTIMATED AT Z\$3.9 MILLION WITH ADDITIONAL ADMINISTRATIVE STAFF COSTING Z\$650,000. WHEN WATER DEVELOPMENT ACTIVITIES (SEE BELOW), CONTINGENCIES AND MISCELLANEOUS ACTIVITIES ARE ADDED, THE TOTAL COST OF THIS RELIEF PROGRAM AMOUNTS TO Z\$12 MILLION (ROUGHLY 5 PCT OF THE TOTAL GOZ ANNUAL BUDGET). THE PLAN INDICATES THAT THE GOZ HAS ENOUGH MAIZE ON HAND TO COVER THE RELIEF PROGRAM REQUIREMENT OF 30,000 TONS PER MONTH BUT WILL REQUIRE IMPORTS OF GROUNDNUTS, BEANS, SOYBEANS, OR

VEGETABLE OIL, AND SALT. ALREADY, WITHOUT THE DEVELOPMENT OF BEANS AND GROUNDNUTS INTO EITHER OIL, EXPORTED WITH DUES, WILL BE ABOUT 10,000 TONS. THIS REPRESENTS SOME 1,100 TONS OF SOYBEAN PRODUCTION RATE 17 PERCENT. THE WATER DEVELOPMENT PORTION OF THE PLAN, BUDGETED AT Z\$9.2 MILLION, INCLUDES THE SINKING OF BOREHOLES AND DIGGING OF COMMUNITY WELLS. THE GOZ HAS EARLY STARTED WELL DIGGING AND BOREHOLE DRILLING IN SOME DROUGHT AREAS AND HAS PROVIDED MATERIAL AND GOT EQUIPMENT TO THE DROUGHT STRICKEN AREAS. EXPANDED ARE UNDERWAY TO OBTAIN LONG DRILLING CONTRACTS. AS NOTED BELOW, SIDA IS ASSISTING IN THIS AREA. CONSIDERATION IS ALSO BEING GIVEN TO BRINGING IN CONTRACTORS FROM OUTSIDE THE COUNTRY TO EXPAND THE GOZ'S BOREHOLE DRILLING CAPACITY. FINALLY, SMALL SCALE REHABILITATION PROGRAMS, INCLUDING MODEST PROGRAMS HANDLED BY THE LUTHERI WORLD FEDERATION AND UNICEF, ARE BEING EXPANDED.

(C) OTHER GOZ PROGRAMS

(I) SEPARATE FROM THE "DROUGHT RELIEF PROGRAM" MENTIONED ABOVE IS THE COLD STORAGE COMMISSION'S (C.S.C.) Z\$7 MILLION PLAN TO SAVE 770,000 CATTLE IN THE MATIELAND AND MASINGO PROVINCES BY THE END OF WINTER (AUGUST). ALREADY PART OF THE 270,000 HEAD HAVE BEEN MOVED FROM THESE DROUGHT HIT PROVINCES INTO DISTRICTS WITH ADEQUATE GRAZING OR TO LESS BADLY HIT FARMS. A FURTHER 200,000 HEAD FROM THE DROUGHT AREAS WILL BE SLAUGHTERED. THIS HALF A MILLION HEAD WILL ACCOUNT FOR ABOUT 50 PERCENT OF ALL CATTLE IN THE TWO PROVINCES. THE EXPENSE OF BUYING AND TRANSPORTING CATTLE IS COSTING ABOUT Z\$1 MILLION PER WEEK.

(II) OF EQUAL IMPORTANCE IS THE "SAVE THE FARMER" PROGRAM THAT IS CURRENTLY UNDER INVESTIGATION. THIS INCLUDES THE RE-INSTATEMENT OF "OPERATION SEED PACK", SO SUCCESSFULLY CARRIED OUT IN THE 1930-81 POSTWAR REHABILITATION EFFORTS. IT IS ESTIMATED THAT THIS WILL COST ABOUT Z\$25 MILLION.

(III) THE GOZ IS ALSO FORMULATING A PLAN TO REFINANCE THE AGRICULTURAL FINANCE CORPORATION (AFC). CURRENTLY IT IS ESTIMATED THAT SOME 054 MILLION, FROM 1982 FARMER LOANS, CANNOT BE REPAYED TO THE AFC AS SCHEDULED. OVERALL, THE LARGE SCALE COMMERCIAL FARMERS WILL ONLY BE ABLE TO REPAY 60 PERCENT OF THEIR LOANS, AND THE SMALL SCALE FARMERS ONLY 10 PERCENT. NORMALLY THE REPAYMENT FAIL IS ABOVE 90 PERCENT. OBVIOUSLY THE INDIVIDUAL FARMER AND THE AFC, ARE FACING A DROUGHT RELATED CREDIT SQUEEZE THAT WILL SEVERELY RETARD REHABILITATION OF THE ENTIRE AGRICULTURAL SECTOR UNLESS GOVERNMENT, OR DONOR FUNDS, ARE FOUND TO ALLEVIATE THE SITUATION.

(IV) THE GOZ IS ALSO IN THE PROCESS OF DEVELOPING A LABOR INTENSIVE PUBLIC WORKS PROGRAM FOR THE DROUGHT AFFECTED AREAS. FEW DETAILS ARE AVAILABLE AT PRESENT, BUT IT IS CURRENTLY BUDGETED AT Z\$20-25 MILLION AND WILL BE ADMINISTERED BY THE MINISTRY OF LOCAL GOVERNMENT AND HOUSING.

5. OTHER DONORS AND PVO ACTIVITIES

(A) THE EEC IS PLANNING "TO DO SOMETHING SUBSTANTIAL" FOR ZIMBABWE'S DROUGHT RELIEF PROGRAM. IT HAS

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REGULAR CONSUMPTION REQUIREMENTS, WE ARE GOING TO EXPERIENCE SEVERE SHORTAGES OF OTHER FOODS, IN PARTICULAR SOYABEANS (VEGETABLE OIL). WE WILL ALSO BE VERY SHORT OF WHEAT AS THERE WILL BE LESS THAN HALF THE NORMAL ACREAGE OF THIS WINTER CROP PLANTED DUE TO A CRITICAL SHORTAGE OF IRRIGATION WATER. WE, THEREFORE, FACE THE PROSPECT OF BEING ABLE TO SUPPLY RELIEF TO THE DROUGHT-AFFECTED AREAS BUT WILL EXPERIENCE SEVERE SHORTAGES OF VEGETABLE OIL AND WHEAT IN THE URBAN AREAS. IN ADDITION, THE PROPOSED DROUGHT RELIEF PROGRAM WILL FACE LOGISTICAL PROBLEMS IN SUCH AREAS AS TRANSPORT AND STORAGE. THE LARGE NUMBER OF PEOPLE TO BE ASSISTED OVER A WIDE GEOGRAPHIC AREA WILL STRAIN OUR RESOURCES TO THE LIMIT.

THE POSITION REGARDING THE SUPPLY AND DEMAND FOR VEGETABLE OILS AND WHEAT MAY BE SUMMARISED AS FOLLOWS:

(A) VEGETABLE OILS

(I) DURING THE MARKETING YEAR 1ST APRIL 1982 TO 31ST MARCH, 1983 THE FOLLOWING QUANTITIES OF OIL SEEDS WERE MADE AVAILABLE TO EXPRESSORS BY THE MARKETING BOARDS.

COMMODITY	TONNES	ESTIMATED OIL EQUIVALENT
COTTON SEED	80,271	14,448
SOYABEANS	80,997	13,769
GROUNDNUTS	3,917	1645

29,862 TONNES

(EXTRACTION RATES EMPLOYED; COTTON SEED 18PCT, SOYABEANS 17PCT, GROUNDNUTS 42PCT).

IN ADDITION TO THE ABOVE IT IS UNDERSTOOD THAT SOME 8,920 TONNES OF SUNFLOWER WERE PURCHASED BY EXPRESSORS WHICH HAVE CONTRIBUTED APPROXIMATELY 2,497 TONNES OF OIL TOGETHER WITH 4,500 TONNES OF MAIZE OIL. THESE QUANTITIES OF OIL INDICATE A TOTAL

(###)

4 (I) IN THE CURRENT YEAR, 1ST APRIL 1983 TO 31ST MARCH

1984, IT IS ESTIMATED THAT THE FOLLOWING QUANTITIES OF OIL SEEDS WILL BE AVAILABLE.

COMMODITY	TONNES	ESTIMATED OIL EQUIVALENT
COTTON SEED	74,500	13,410
SOYABEANS	45,000	7,650
SUNFLOWER	3,500	980

22,040 TONNES

IF IT IS ASSUMED THAT A FURTHER 4,500 TONNES OF MAIZE OIL WILL BE PRODUCED THEN IT IS CALCULATED THAT ONLY 20,540 TONNES OF VEGETABLE OIL WILL BE AVAILABLE FROM LOCAL RESOURCES IN 1983-84.

(III) IT IS APPARENT FROM THE ABOVE THAT THE SUPPLY OF VEGETABLE OIL IN THE CURRENT YEAR WILL BE SOME 15,000 TONNES SHORT OF THE PREVIOUS YEAR FIGURE, IGNORING OPENING AND CLOSING STOCKS IN THE HANDS OF THE EXPRESSORS.

(IV) IF THE SHORTFALL IS TO BE MET BY IMPORTS THERE IS A NEED TO DETERMINE IF THIS SHOULD TAKE THE FORM OF CRUDE OIL, OILSEEDS OR A COMBINATION OF THE TWO OPTIONS. FROM A COST POINT OF VIEW IT WOULD APPEAR THAT CRUDE OIL IMPORTS WILL OFFER THE CHEAPEST ALTERNATIVE, BUT THE IMPORTATION OF SAY SOYABEANS WOULD PROVIDE BOTH OIL AND VEGETABLE CAKE, THE LATTER BEING USED BY THE STOCKFEED INDUSTRY. IN ADDITION THE PROCESSING OF THE SOYABEANS WOULD PROVIDE THE EXPRESSING INDUSTRY WITH ADDITIONAL THROUGHPUT.

(B) WHEAT

(I) IN ORDER TO HUSBAND AVAILABLE STOCKS OF WHEAT THE GRAIN MARKETING BOARD WAS INSTRUCTED IN APRIL, 1982 TO LIMIT THE MONTHLY SALES OF WHEAT TO A FIGURE OF 19,165 TONNES. AT THIS LEVEL OF SALES THE CURRENT STOCKS WILL LAST UNTIL THE 1983 WHEAT CROP DELIVERIES COMMENCE IN OCTOBER, 1983.

(II) THE MONTHLY FIGURE OF 19,165 TONNES WAS, TO SOME EXTENT, DICTATED BY STOCK LEVELS. IT WOULD APPEAR HOWEVER THAT THIS QUANTITY RECONCILES WITH THE CURRENT DEMAND IN VIEW OF THE BREAD SUPPLY SITUATION.

(III) IF IT CAN BE ACCEPTED THAT SUPPLY AND DEMAND FOR WHEAT ARE IN REASONABLE BALANCE THEN IT WOULD SEEM FAIR TO ASSUME THAT, GIVEN A MODEST GROWTH IN DEMAND OF SAY 8PCT, THE WHEAT REQUIREMENTS FOR 1983-84 WILL APPROXIMATE 250,000 TONNES.

(IV) IT IS DIFFICULT TO ESTIMATE THE LEVEL OF WHEAT DELIVERIES WHICH WILL BE DERIVED FROM THE 1983 CROP. CERTAINLY THE DROUGHT HAS (###) A SERIOUS

EFFECT ON IRRIGATION WATER SUPPLIES AND IT IS

NOTE BY OC/T: SECTION 5 OF 8 OF HARARE 3850 RECEIVED WITH GARBLES AND OMISSIONS. CORRECTION TO FOLLOW.

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OBVIOUS THAT PRODUCTION WILL FALL FAR SHORT OF THE 1982 INTAKE OF 200,000 TONNES. THE PLANTING OF THE CROP HAS JUST COMMENCED AND A CLEAR INDICATION OF THE AREA PUT TO WHEAT WILL NOT BE AVAILABLE FOR SOME MONTHS. PRESENT INDICATIONS SUGGEST THAT THE CROP MAY YIELD AN INTAKE IN THE REGION OF 100,000 TONNES WHICH, IF IT EVENTUATES, WILL LEAVE A SHORTFALL TO THE ORDER OF SOME 150,000 TONNES.

(VI) WORKING ON THE SPECULATIVE INTAKE OF 100,000 TONNES IN OCTOBER/NOVEMBER OF 1983, THIS WOULD SUFFICE TO MEET THE DOMESTIC REQUIREMENT UNTIL MAY/FEBRUARY/MARCH OF 1984. HOWEVER, ARRANGEMENTS FOR IMPORTS WILL HAVE TO COMMENCE WELL BEFORE WE EXHAUST THESE LOCAL SUPPLIES.

ON BEHALF OF THE GOVERNMENT OF ZIMBABWE, I WOULD LIKE TO REQUEST U.S. GOVERNMENT ASSISTANCE TO HELP ALLEVIATE IN PARTICULAR OUR DROUGHT-CAUSED FOOD DEFICITS IN EDIBLE OILS AND WHEAT AND IN GENERAL TO ASSIST FINANCIALLY IN THE COSTS OF DROUGHT RELIEF. WE WOULD APPRECIATE ANY ASSISTANCE THE U.S. GOVERNMENT CAN OFFER TO OVERCOME THIS DISTRESSING SITUATION AS A MATTER OF URGENCY.
SINCERELY,
T.E. MSHAKA,
SECRETARY FOR FINANCE, ECONOMIC PLANNING AND DEVELOPMENT. UNQUOTE.

7. RECOMMENDED U.S. GOVERNMENT RESPONSE
(A) THE SHORTAGES PROBLEM FACING ZIMBABWE IS NOT THE RESULT OF INAPPROPRIATE AGRICULTURAL POLICIES BUT THE RESULT OF A VERY DAMAGING NATURAL CALAMITY WHICH IS CAUSING CONSIDERABLE PERSONAL HARDSHIP TO LARGE NUMBERS OF PEOPLE IN THE COMMUNAL AREAS. THE GOZ HAS DECIDED THAT, FOR STRAIGHT FORWARD HUMANITARIAN REASONS, IT IS

OBLIGED TO MOUNT A LARGE RELIEF PROGRAM TO ALLEVIATE THE IMMEDIATE HARDSHIP TO BE EXPERIENCED IN THE RURAL AREAS. THE GOZ HAS ALSO DECIDED THAT BECAUSE OF AGRICULTURE'S FAILURE TO EXHAUST EXISTING CAPACITY AND ITS CENTRAL ROLE IN THE ZIMB. ECONOMY, RELIEF SHOULD THAT EMERGENCY MEASURES BE TAKEN TO GET THIS SECTOR BACK ON ITS FEET IN ZIMBABWE. ALTHOUGH THE DIFFICULTY TO ESTIMATE THE TOTAL COST OF THIS NATURAL CALAMITY TO THE NATION, THE COST TO GOVERNMENT IN TERMS OF ADDITIONAL EXPENDITURES FOR THE RELIEF AND FEASIBLE NATION EFFORT WILL APPROX. A QUARTER OF A BILLION DOLLARS. SINCE AN ADDITION TO THE GOVERNMENT BUDGET COULD ONLY BE FINANCED BY INCREASING THE DEVELOPMENT PROGRAMS FROM THE BUDGET OR DEFICIT FINANCING OR OTHER EXTERNAL SOURCES, FINANCING OUR CONCLUSION, THEREFORE, IS THAT THE GOZ REQUEST FOR EMERGENCY FOOD AID ASSISTANCE IS A REASONABLE ONE FROM THE STANDPOINT OF NEED.

(B) THE REQUEST RECOGNIZED THESE AREAS WHERE THE U.S. HAS A COMPARATIVE RESOURCE ADVANTAGE AND AVAILABLE SUPPLIES (VEGETABLE OIL AND WHEAT) WHILE THE TRY TO MAINTAIN A DOMESTIC FOOD SELF SUFFICIENT POLICY. LOCALLY AVAILABLE FOODS RATHER THAN IMPORTED FOODS NOT LIKELY TO BE AVAILABLE IN THE FUTURE. ADDITIONAL VEGETABLE OIL WILL DISPLACE VEG OIL NORMALLY CONSUMED IN THE CITY FOR THE RURAL AREAS (AS EXPLAINED BELOW). IT WOULD ALSO RELEASE LOCALLY PRODUCED WHEAT SOYABEANS FOR PROCESSING INTO A RURAL PROTEIN SUPPLEMENT FOR RELIEF DISTRIBUTION TO IMPROVE NUTRITION IN THE MOST SERIOUSLY AFFECTED AREAS. WITHOUT ADDITIONAL OIL, THE GOZ WOULD HAVE TO CHOOSE BETWEEN CERTAIN SHORTAGES OF VEGETABLE OIL IN THE RURAL AND URBAN AREAS OR RESTRICTING RELIEF DISTRIBUTIONS OF SOYABEAN AND GROUNDNUT PROTEIN SUPPLEMENTS IN THE DROUGHT AREAS. WITHOUT VEG OIL IMPORTS THE LOCAL RESULT WILL BE LESS COOKING OIL FOR THE URBAN AND RURAL POPULATION AND LESS SOYABEANS FOR RELIEF DISTRIBUTION.

(C) WE RECOMMEND A TWO PHASE EMERGENCY FOOD AID RESPONSE. THE FIRST PHASE, TO BE PROVIDED AS SOON AS POSSIBLE, WOULD CONSIST ONLY OF VEGETABLE OIL BECAUSE OF ITS IMMEDIATE, SHORT-TERM NEED. OUR RECOMMENDATION IS THAT ABOUT 10,000 MT OF CRUDE, SEEDING VEG OIL BE SHIPPED IN BULK TO THE STORAGE DEPOT (FREE-IN-STORAGE AT DEPOT) AT THE PORT OF DURBAN (ZIMB. VESN STORAGE, LTD IS PRESENTLY USED BY ZIMBABWE SPORTS AND PRIVATE SECTOR COOKING OIL REFINERS) WOULD THEN DEPOSIT INTO A SPECIAL ACCOUNT AN AMOUNT OF US DOLLARS EQUIVALENT TO THE FOB VALUE OF THE OIL PLUS ESTIMATED OCEAN FREIGHT COSTS (E.G. 50% PLUS 65% OCEAN FREIGHT) U.S. - WHETHER THE GOZ NOR A PARASTATAL IMPORTS VEG OIL INTO ZIMBABWE; VEG OIL IMPORTS ARE ALWAYS HANDLED BY THE PRIVATE SECTOR. AFTER THIS DEPOSIT THESE REFINERS, ACTING IN CONCERT WITH ONE CONTRACTED FREIGHT FORWARDER, WOULD TRANSPORT THE VEG OIL TO ZIMBABWE, AND THE OIL WOULD BE DISTRIBUTED AMONG THEMSELVES UTILIZING MINISTRY OF TRADE AND COMMERCE PRO-RATA GUIDELINES WHICH ARE BASED ON REFINING CAPACITY. (E.G. WHILVER TO RECEIVE 25 PERCENT, BLUE RIBBON-5 PERCENT, OIL VINE-70 PERCENT). THE LOCAL CURRENCY WOULD BE CONTROLLED BY THE MINISTRY OF FINANCE, ECONOMIC PLANNING AND DEVELOPMENT, ACTING ON BEHALF OF THE CABINET LEVEL DROUGHT RELIEF COMMITTEE.

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MAST-01 /055 A2 X00

INFO OCT-00 COPY-01 INR-10 EUR-00 AF-00 CIAE-00 EB-00
10-15 L-03 AGRE-01 OES-09 /104 W

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P R 071200Z JUN 83
FM AMEMBASSY HARARE
TO SECSTATE WASHDC PRIORITY 42
INFO AMEMBASSY LUSAKA
AMEMBASSY NAIROBI
AMEMBASSY ROME
AMEMBASSY PRETORIA

UNCLAS SECTION 07 OF 08 HARARE 3850

AIDAC

FOR FVA/FFP; PRETORIA FOR AGATT; NAIROBI FOR REDSO; STATE
FOR AF, AF/S AND AF/EPS; ROME FOR FODAG

AND USAID/HARARE. THE LARGEST PORTION OF THESE LOCAL CURRENCY PROCEEDS WOULD BE USED TO PURCHASE SOYABEANS FOR USE IN THE GOZ'S FOOD RELIEF DISTRIBUTION EFFORT. PER PARA 4 (B) ABOVE, THE COST ESTIMATED OF PURCHASING ALL THESE SOYABEANS FOR THIS EFFORT IS APPROXIMATELY \$59.0 MILLION. OTHER DROUGHT RELIEF USES OF THE LOCAL CURRENCY WOULD, IF NECESSARY, BE CONSIDERED AND JOINTLY AGREED UPON BY USAID AND MFPD. THUS, TITLE II VEG OIL WOULD ADD TO TOTAL MARKETED SUPPLIES OF COOKING OIL (A STAPLE), ALLOW MORE VEGETABLE OIL TO BE SOLD IN THE DROUGHT STRICKEN RURAL AREAS, AND GENERATE LOCAL CURRENCY PROCEEDS WHICH WOULD BE USED TO PURCHASE SOYABEANS FOR PROCESSING AND USE IN THE GOZ'S RELIEF DISTRIBUTION IN THE MOST SERIOUSLY AFFECTED DROUGHT AREAS. IT SHOULD BE NOTED THAT USAID HAS HAD CONSIDERABLE SUCCESS WITH LOCAL CURRENCY PROGRAMS IN ZIMBABWE. DURING THE PAST TWO YEARS OVER \$300 MILLION HAS BEEN PROGRAMED TO THE MUTUAL SATISFACTION OF USAID AND THE GOZ, AND OF THIS OVER \$250 MILLION HAS BEEN EXPENDED.

(D) THE SECOND AND LARGER TRANCHE OF THE RECOMMENDED RESPONSE WOULD BE PROVIDED IN SEPTEMBER/OCTOBER AND CONSIST OF BOTH WHEAT AND VEGETABLE OIL. IT IS RECOMMENDED THAT 20,000 MT OF WHEAT AND AN ADDITIONAL 5,000 MT OF VEGETABLE OIL BE PROVIDED. THE PROJECTED SHORTFALL IN WHEAT PRODUCTION IS A DIRECT RESULT OF THE DROUGHT. HOWEVER, WHEAT IS CONSUMED PRIMARILY IN THE URGAN AND DISTRICT TOWN AREAS WHICH HAVE BAKERIES. THEREFORE MOST OF THE TITLE II WHEAT, IF DISTRIBUTED THROUGH NORMAL MARKETING CHANNELS, WOULD NOT BE CONSUMED BY THE DROUGHT AFFECTED VICTIMS. NO OTHER VIABLE DISTRIBUTION MECHANISM EXISTS TO REACH THESE PERSONS WITH WHEAT. WE WOULD ALSO NOT WANT TO ENCOURAGE ANY CHANGE IN CONSUMER PREFERENCE TOWARD WHEAT IN RURAL AREAS WHERE MAIZE IS STILL THE STAPLE. THE MONETIZATION OF TITLE II WHEAT WOULD GENERATE THE LOCAL CURRENCY NEEDED TO EXECUTE THE DROUGHT RELIEF PROGRAM. THE LOGISTICS OF TITLE II WHEAT IMPORTS WOULD BE RELATIVELY SIMPLE SINCE THE GRAIN MARKETING BOARD, WITH WHOM USAID HAS WORKED CLOSELY ON TWO PREVIOUS TRIPARTITE EXCHANGES, WOULD BE OUR PRIMARY COUNTERPART IN THE OPERATION.

(E) BENEFICIARIES:

AS NOTED ABOVE, VERY ROUGHLY 3.3 MILLION PERSONS IN RURAL "COMMUNAL" AREAS ARE CONSIDERED "MOST SERIOUSLY AFFECTED" BY THE DROUGHT, AND BETWEEN 2 AND 3 MILLION PERSONS WILL RECEIVE SOME RELIEF FOOD. TITLE II VEG OIL AND WHEAT WILL BE DISTRIBUTED AND SOLD THROUGH REGULAR MARKETING CHANNELS. THE LOCAL CURRENCY PROCEEDS WILL BE USED TO PURCHASE PROCESSED SOYABEANS FOR REDISTRIBUTION TO THE 2-3 MILLION DROUGHT VICTIMS WHO WILL RECEIVE RELIEF FOOD. IN ADDITION, THERE MAY BE OTHER DROUGHT VICTIM BENEFICIARIES, IF, FOR EXAMPLE, IT IS MUTUALLY AGREED TO USE THE LOCAL CURRENCIES FOR SUCH DROUGHT RELIEF ACTIVITIES AS WELL DIGGING, BOREHOLE DRILLING, OR LABOR-INTENSIVE, CASH-FOR-WORK RURAL PROJECTS.

(H) PROPOSED TA LANGUAGE:

RECOMMENDED LANGUAGE FOR THE FIRST TRANCHE TA (VEGOIL) FOLLOWS:

QUOTE

PROGRAM OBJECTIVES: USE OF COMMODITIES AND CONDITIONS OF TRANSFER:

THE COMMODITIES HEREIN ARE CONTRIBUTED BY THE UNITED STATES GOVERNMENT (USG) TO THE GOVERNMENT OF ZIMBABWE (GZ) TO ASSIST IN (A) ALLEVIATING THE EMERGENCY SHORTAGE OF FOOD CAUSED BY DROUGHT AND (B) FINANCING THE GOZ'S DROUGHT RELIEF AND REHABILITATION PROGRAM. SINCE NEITHER THE GOZ NOR THE PRIVATE VOLUNTARY ORGANIZATIONS ARE CAPABLE OF MANAGING A LARGE SCALE FOOD DISTRIBUTION PROGRAM IN ACCORDANCE WITH AID REGULATION II, IT HAS BEEN DETERMINED THAT THE DISTRIBUTION OF THE VEGETABLE OIL THROUGH NORMAL COMMERCIAL MARKETING CHANNELS IS THE MOST EFFECTIVE AND ONLY POSSIBLE MEANS OF DISTRIBUTION FOR THE COMMODITY HEREIN CONTRIBUTED:

- A. THE COMMODITIES HEREIN CONTRIBUTED ARE FOR DISTRIBUTION THROUGH NORMAL COMMERCIAL CHANNELS SUBJECT TO THE GOZ'S GUARANTEE THAT THOSE HUNGRY PERSONS UNABLE TO BUY FOOD WILL RECEIVE THE USG CONTRIBUTED COMMODITY WITHOUT COST. THE GOZ MAY SELL THE COMMODITY HEREIN CONTRIBUTED AT ESTABLISHED MARKET PRICES. THIS PRICE WILL BE USED TO CALCULATE LOCAL CURRENCY COSTS.
- B. THE USG WILL SUPPLY THE COMMODITIES HEREIN PROVIDED AND PAY OCEAN/TRANSPORT, INDEPENDENT SURVEY REPORT AND INLAND TRANSPORT COSTS TO DESIGNATED POINTS OF ENTRY IN ZIMBABWE.
- C. LOCAL CURRENCY PROCEEDS FROM THE SALE OF THE COMMODITIES UNDER THIS AGREEMENT SHALL BE DEPOSITED INTO A SPECIAL ACCOUNT NO LATER THAN 90 DAYS AFTER THE VEGETABLE OIL IS RECEIVED UNDER THIS AGREEMENT.
- D. THE LOCAL CURRENCY PROCEEDS WILL BE USED TO (1) PURCHASE LOCALLY PROCURED PROCESSED SOYABEANS FOR REDISTRIBUTION TO DROUGHT VICTIMS, AND (2) TO FINANCE OTHER RELIEF AND REHABILITATION ACTIVITIES

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INCOMING
TELEGRAM

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ACTION AID-08

HARARE 0355Z 08 OF 08 071420Z 5405 266506 AID0617
- (S) DISBURSEMENTS BY AUTHORIZED ACTIVITY

ACTION OFFICE FFP-2.
INFO AFPA-03 AFPA-03 AFOP-05 AFDR-06 FVA-01 GJJA-01 GC-01
UCAF-01 GCPL-01 PPOF-01 FM-02 C-01 CALL-02 CPP-01 CPS-02
CT-03 STAG-01 SCHE-01 STN-03 STID-01 STFN-01 SAGT-01
ENGR-01 PVO-01 AFDA-01 FVPP-01 STFA-01 RELO-01 STNP-01
HAST-01 2035 02 X00
INFO OCT-00 COPY-01 INR-10 EUR-00 AF-00 CIAE-00 EB-00
10-15 L-03 AGRE-01 OES-09 /104 W
-----141072 071425Z /50 30

P 071200Z JUN 83
FM AMEMBASSY HARARE
TO SECSTATE WASHDC PRIORITY 43
INFO AMEMBASSY LOSAKA
AMEMBASSY NAIROBI
AMEMBASSY ROMA
AMEMBASSY PRETORIA

UNCLAS SECTION 08 OF 08 HARARE 3850

AIDAC

FOR FVA/FFP

PRETORIA FOR AGATT
NAIROBI FOR REDSO

STATE FOR AF, AF/S AND AF/EPS

ROME FOR FODAG

WITHIN THE GOZ'S DROUGHT RELIEF PROGRAM A, MUTUALLY
AGREED BETWEEN USAID AND THE MINISTRY OF FINANCE,
PLANNING AND ECONOMIC DEVELOPMENT. THE GOZ AGREES
TO PROVIDE USAID WITH A QUARTERLY REPORT ON ALL
CURRENCIES GENERATED UNDER THIS AGREEMENT GIVING
DETAILS OF ALL DEPOSITS TO, AND DISBURSEMENTS FROM
THE SPECIAL ACCOUNT.

E. THE GOZ WILL PAY ALL DOMESTIC STORAGE, INTERNAL
HANDLING AND TRANSPORTATION AND DISTRIBUTION COSTS
OF THE COMMODITIES HEREIN PROVIDED FOR DIRECT
DISTRIBUTION IN EXCESS OF THE SUMS GENERATED FROM
THE SALES AS AUTHORIZED PER A ABOVE.

F. THE GOZ AGREES TO KEEP USAID FULLY INFORMED
CONCERNING THE STATUS OF COMMODITY RECEIPTS,
DISTRIBUTION AND SALES AND WILL PROVIDE COMPLETE
DETAILS, AS REQUESTED. REPRESENTATIVES OF THE USG
WILL BE PERMITTED TO AUDIT AND HAVE ACCESS TO ALL
RECORDS PERTAINING TO THE USE OF COMMODITIES
PROVIDED BY THIS BILATERAL AGREEMENT. THE GOZ
FURTHER AGREES TO SUBMIT, ON A QUARTERLY BASIS,
BEGINNING WITH THE SIGNING OF THIS AGREEMENT AND
UNTIL THE TOTAL AMOUNTS OBTAINED THROUGH THE SALES
OF THIS CORN ARE EXPENDED, A REPORT TO USAID. THIS
REPORT SHALL INCLUDE THE FOLLOWING DATA ON THE
COMMODITIES AND FINANCE COVERED UNDER THIS
AGREEMENT:

- (1) ARRIVAL/RECEIPTS OF VEGETABLE OIL UNDER THIS AGREEMENT
- (2) DISTRIBUTIONS
- (3) SALES
- (4) DAMAGED STOCKS
- (5) ENDING STOCKS
- (6) CURRENCIES GENERATED
- (7) DEPOSITS TO SPECIAL ACCOUNT

B. CONCLUSION

IT IS UNQUESTIONABLE THAT A NATURAL DISASTER OF MAJOR
PROPORTIONS HAS DEALT A SEVERE BLOW TO ZIMBABWE. NOT
ONLY HAS THE ECONOMY BEEN DEALT A SEVERE BLOW, BUT THE
COST, IN TERMS OF HUMAN SUFFERING, DUE TO LACK OF
INCOME, FOOD AND WATER, HAS BEEN AND WILL CONTINUE TO
BE VERY HIGH. THE GOZ ARE SURE THAT A DROUGHT OF THIS
SEVERITY WILL NOT OCCUR FOR A FEW YEARS. IN
RESPONSE TO THIS CALAMITY THE GOZ ITSELF HAS MOUNDED A
MAJOR RELIEF AND REHABILITATION PROGRAM USING MOST OF
ITS REMAINING FOOD STOCKS. THE SCALE OF THE DROUGHT
HOWEVER, IS CLEARLY BEYOND THE GOZ'S MEANS TO RESPOND.
THE GOZ HAS CALLED ON DONORS TO ASSIST IN ALLEVIATING
THE HARDEST EFFECTS OF THE DROUGHT IN SOUTHERN AFRICA.
CADCOS HAS APPEALED TO THE INTERNATIONAL COMMUNITY FOR
ASSISTANCE; AND THE GOZ HAS MADE A DIRECT AND FORMAL
APPEAL TO THE USG FOR TITLE II FOOD AID. THE USAID
AND USAID BELIEVE THAT AN INITIAL \$5,000,000 COMMITMENT OF
TITLE II VEGETABLE OIL IS THE MINIMUM INITIAL USG
RESPONSE TO HELP ZIMBABWE AND TO WIDESPREAD FOOD
SHORTAGES CAUSED BY THE DROUGHT AND ALLOW THE USE OF
LOCALLY PRODUCED COMMODITIES IN THE GOZ DROUGHT RELIEF
PROGRAMS. WE THEREFORE, STRONGLY RECOMMEND THAT
AID/WASHINGTON URGENTLY ADDRESS THE GOZ'S REQUEST FOR
EMERGENCY ASSISTANCE TO MITIGATE THE EFFECTS OF THE
DROUGHT.

9. PLEASE ADVISE BY IMMEDIATE CABLE WITH INFO COPIES
TO RFFPO, FODAG, AND REDSO/FEEL. WEELEY

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