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# RESULTS REVIEW

FY 1995

## ZIMBABWE



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## Introduction

Zimbabwe is a country of enormous potential, with an educated workforce, a highly diversified economy, and abundant natural resources. This potential has been enhanced considerably in recent years through implementation of an IMF-backed economic structural adjustment program (ESAP) that has put the country on the path toward private sector-led growth. The foreign exchange regime has been completely unified, and there are no longer any restrictions on foreign investors seeking to remit earnings. In the rural sector, the domestic maize market has been fully liberalized, resulting in greater availability of foodstuffs at cheaper prices and greatly reduced pressure on the national treasury. And, while public sector reform has been slow, a number of important parastatals have either been commercialized or pointed in that direction.

USAID's program in Zimbabwe aims at achieving long term results in the areas of broad-based economic growth, sustainable natural resource management, stabilized population growth, and the prevention of HIV/AIDS. During FY 1995 USAID/Zimbabwe's staff advanced the strategy modifications set forth in last year's Assessment of Program Impact (API), simultaneously building reengineering precepts into the process. Although the process is still incomplete, we feel comfortable presenting, in this year's document, a detailed assessment of last year's impact combined with a fairly comprehensive roadmap for FY 1996 and beyond.

This year's Results Review ("R2") is being submitted simultaneously with--and is to be reviewed more or less at the same time as--a modified results framework for Strategic Objective 3. It also provides information aimed both at reinforcing the latter submission and at informing the USAID/W audience of planned modifications to all three SOs. In brief:

- With the successes of the Grain Marketing Reform Program institutionalized and the transfer of the SARP-funded Sorghum and Millet Research Program to the Regional Center for Southern Africa (RCSA) now complete, SO1--*increased household food security in communal areas of Natural Regions IV and V*--is being recast around the theme of increased local participation in (and benefits from) sustainable management of the natural resource base.
- Both the targets and the indicators for SO 2--*broadened ownership and increased investment at all levels of the Zimbabwean economy*--have been completely revamped to reflect more accurately the results we currently seek and to delete references to activities that are now RCSA's responsibility.
- The present submission does *not* reflect USAID/Zimbabwe's current proposal to merge SO 3--*sustainable reductions in fertility*--and our HIV/AIDS target of opportunity into a single, revised SO, although some discussion of this issue is provided. This is the subject of a separate submission being forwarded to USAID/W more or less simultaneously with this document..

## Assessment of Program Impact for FY 1995

### Program Goal:                      Participatory and Equitable Economic Growth

**Indicators:**     GDP per capita  
                      GDP annual growth rate  
                      Value of merchandise exports relative to GDP  
                      Gini coefficient

### Program Sub-Goal:                Enabling Environment Conducive to Investment

**Indicators:**     Private investment relative to GDP  
                      Private domestic investment  
                      Net direct foreign investment  
                      Spread between bank lending and deposit rate  
                      Money supply

### Progress Toward Overall Program Goals

Market forces play a successful and dominant role in Zimbabwe's economic life. Inasmuch as this was its primary goal, ESAP I can be judged a conditional success.<sup>1</sup> The country still faces a number of economic problems, however, of which the fiscal situation is leading. It has also had some bad luck, having experienced two droughts in the past four agricultural seasons. Possibly as a result of market reforms, the economy has shown itself to be remarkably resilient. Real GDP is estimated to have declined by only 1.1 percent in 1995, despite double digit decreases in two important sectors, agriculture and manufacturing.

Exports continue to play a key role in the country's economic development. The value of merchandise exports is at a record high, almost US\$ 2.0 billion. In U.S. dollar terms the share of merchandise exports in GDP was 25 percent higher in 1995 than in 1991, though lower than 1994, in part a reflection of the depreciation of the Zimbabwe dollar relative to the U.S. dollar in 1995. It was through exports, however, that various subsectors such as minerals, tobacco, horticulture, and tourism provided the observed resiliency in the economy. The reorientation of the economy generally, and the strength of the subsectors in particular, furnish evidence of success under the structural adjustment program. The economy could have performed much worse in 1995 than it did.

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<sup>1</sup> The first IMF-sponsored economic structural adjustment program ("ESAP I") ran from 1991 to 1995. Under ESAP I the government implemented a number of important reforms such as unifying the exchange rate, eliminating restrictions on most imports, liberalizing certain commodity markets, and easing restrictions on the remittance of profits by foreign investors. "ESAP II" is presently under negotiation.

Indicator	Unit	1991	1992 <sup>1</sup>	1993	1994	1995e <sup>1</sup>
% Change Real GDP	Z\$1980	3.2	-5.8	0.9	7.4	-1.1
Per Capita Real GDP	Z\$1980	473	446	434	453	435
Merch.Exports/GDP	%	29.2	32.3	33.7	39.0	35.9
Val Merch. Exports	US\$mil	1,694	1,528	1,640	1,895	1,940

The mining sector also grew by about 11 percent in real terms during 1995, reflecting continued strong international prices for gold and ferro-chrome minerals. Tobacco also enjoyed record high prices in excess of Z\$ 18/kg, double the prices in recent years. Horticultural exports increased 32 percent in tonnage and 79 percent in value. Tourist arrivals increased by 18 percent in 1994 and are estimated to have increased by another 10 percent in 1995.

Financial sector indicators reflect the soundness of current monetary policy. However, real lending rates are quite high at almost 13 percent. This is primarily taken as an outcome of the need to finance government spending. The high interest rates are undoubtedly crowding out private investors.

Indicator	1991	1992	1993	1994	1995
Exchange Rate	3.62	5.10	6.4	8.4	9.2
Deposit Rate (%)	16.0	42.5	43.0	29.0	29.0
Lending Rate (%)	17.25	47.5	47.5	40.5	38.6
Inflation (%)	23.3	42.1	27.6	21.2	25.8
M2/GDP (%)	24.7	25.1	34.8	38.7	32.6

On the positive side of the ledger, foreign exchange reserves currently stand at about US\$ 1.0 billion including both public and private balances. This represents about seven months' import cover. Not unexpectedly, the exchange rate has begun to stabilize--the rate of depreciation has tended downward from a high of 40 percent in 1991/92 to under 10 percent in 1994/95. In the absence of further unanticipated shocks to the economy, the currency should be stable over the short term.

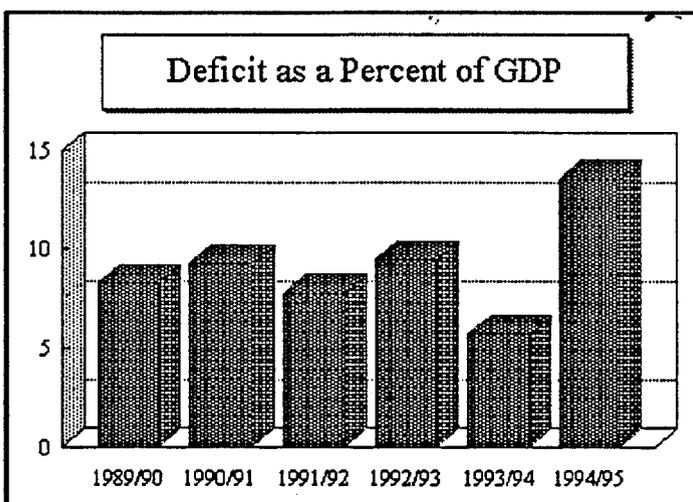
<sup>1</sup> Both 1992 and 1995 were drought years.

The real lending rate of interest has declined significantly from 19.3 percent in 1994 to 12.8 percent in 1995. There has also been a slight decline in the lending/deposit rate differential from 11.5 percent to 9.6 percent, a decrease of 16.5 percent. Further, corporate tax rates and the capital gains tax have been reduced from 40 percent and 30 percent to 37.5 percent and 20 percent, respectively. These developments suggest a small but positive improvement in the enabling environment for investment.

Fiscal policy remains the major problem from the macroeconomic standpoint, with the deficit relative to GDP running at an historical high. In 1994/95 period, 97 percent of deficit financing (Z\$ 6,115 million) was sourced domestically. The result was very high interest rates. Total domestic credit as a component of money supply in September 1995 was Z\$ 31,237 million, of which one-third (Z\$ 10,390 million), was attributed to government and public enterprises. Government has never had a problem reaching its revenue targets, but spending is clearly not under control. A "stop payment" policy was instituted to prevent ministries from exceeding their allocations.

While it is reported to have had some impact, it has not stopped commitments. Thus, accounts outstanding to suppliers have increased, with smaller vendors suffering the most. In the current 1995/96 budget, planned expenditures on investment have been reduced by 48 percent.

While parastatals have always been a fiscal drag, the profitable ones are now scheduled to begin paying taxes and dividends to the treasury. About Z\$ 206.0 million in such payments is expected in early 1996.



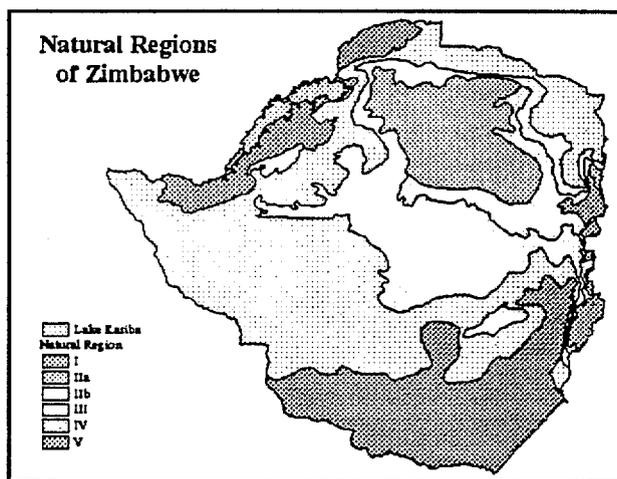
## Strategic Objective One: Increased Household Food Security in Communal Areas of Natural Regions IV and V

**Indicators:** Average household foodgrain availability  
Own production retained for household consumption  
Estimated actual foodgrain/meal purchases

### Continuing Relevance of Impact Indicators

This strategic objective addresses the food security needs of Zimbabwe's poor, two thirds of whom live in the rural areas, particularly those residing on communal lands in the poorly-endowed regions of the country known as Natural Regions IV and V. Most of this area is located in the southern and western reaches of the country and are principally low-lying areas of poor soil quality, where overgrazing and low rainfall make food production a tenuous enterprise at best. The strategic objective has three principal "legs":

- Increasing the production and productivity of sorghum and millet by farm households in communal areas of Natural Regions ("NR") IV and V (Intermediate Result 1.1);<sup>1</sup>
- Increasing average household benefits generated by community-based natural resources management activities in NR IV and V (Intermediate Result 1.2); and
- Increasing the amount of marketed grain (maize, in particular) available, at lower cost, to rural households in communal areas of NR IV and V (Intermediate Result 1.3).



As anticipated in last year's API, USAID/Zimbabwe made a number of significant changes to SO 1 during FY 1995. The following has been achieved:

- Management responsibility for the Regional Sorghum and Millet Research Project was transferred to RCSA in December. Given that there was some delay in completing the transfer, we are reporting on the activity, for the final time, in this year's Results Review.

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<sup>1</sup> The new term *intermediate result* has been substituted for the old term *program outcome* throughout this document.

-- We also transferred management of the regional NRM/Malawi project to the regional center in Botswana.

-- Impact indicators for the natural resource management intermediate result have been modified to take advantage of a more reliable data source.

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*The mission plans to refine SO 1 to focus on three of the Agency's principal objectives--sustainable natural resource management, conservation of biological diversity, and increased development of politically active civil society.*

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-- Lastly, we undertook two strategic planning workshops in August and November 1995 with our NGO and host government partners. Using the findings and recommendations from those two workshops and fully incorporating guidance from "*The Agency's Strategic Framework and Indicators 1995-1996*," we plan to recast SO 1 around three of the agency's principal objectives--sustainable natural resource management, conservation of biological diversity, and increased development of politically active civil society. In concert with our expanded SO team members, we expect to have completed development of our customer service plan and new SO 1 results framework and associated intermediate results by the end of FY 1996.

### **Quantitative and Qualitative Assessment of USAID Impact**

Significant strides were made improving household food security in natural regions ("NR") IV and V through increased availability of maize at lower prices,<sup>1</sup> increased hectareage planted to improved varieties of sorghum and millet, and increased household income from community-based wildlife management activities.

#### **Intermediate Result 1.1**

#### **Increased Production and Productivity of Sorghum and Millet by Farm Households in Communal Areas of Natural Regions IV and V**

**Indicators:** Total hectares of sorghum and pearl millet planted  
Total production of sorghum and pearl millet  
Area planted to improved varieties of sorghum and pearl millet  
Yield per hectare for sorghum and pearl millet  
Production cost per unit for sorghum and pearl millet

### **Continued Relevance of Impact Indicators**

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<sup>1</sup> Adjusted to reflect upward pressure on prices caused both by inflation and by drought.

Increased hectareage planted to, and improved productivity of, improved varieties of sorghum and millet remain vital indicators of food security in the resource-poor areas currently demarcated as NR IV and V as well as in significant areas outside of Zimbabwe in southern Africa. These crops are not only more suitable for planting in these areas but also serve as an important backup in times of drought.

### Quantitative and Qualitative Assessment of USAID's Impact

From surveys carried out in 1993/94 by ICRISAT under the Regional Sorghum and Millet Research Project we know that about 82 percent of the area planted to sorghum and millet in Zimbabwe is located in Natural Regions IV and V. And, according to a January 1996 study of areas affected by the relatively severe 1994/95 drought, a large proportion of the small quantity of grain produced overall in NR IV and V was in fact sorghum and millet. As noted in the table presented below, in the survey area of Mberengwa sorghum and millet contributed 15 and 33 percent respectively of total grain produced in the 1995 harvest, compared to 3 and 9 percent, respectively, for the 1993 harvest. During the same period there was a 45 percent drop in maize production. This production, however, was both from improved and from traditional seed varieties; unfortunately, we were not able to obtain a percentage breakdown between the two varieties. From the January 1996 study:

Recent studies have revealed a significant yield increase of grain production by farmers in semi-arid regions by adopting improved varieties of sorghum and pearl millets.... Because of the morphological and physiological properties of sorghum and pearl millet making them drought tolerant, the small grains are grown as insurance crops against a poor season. The contribution of small grains to food security becomes more significant as grain production declines.

Percentage of Total Harvest From Maize, Sorghum and Millet Selected Districts in Natural Regions IV and V 1993 vs. 1995						
District	Maize		Sorghum		Millet	
	1993	1995	1993	1995	1993	1995
Rushinga	97.0	89.7	1.0	3.6	2.0	6.0
Zaba	98.2	94.8	0.5	0.5	1.3	4.2
Mberengwa	87.8	48.4	3.2	14.7	8.7	33.3
Binga	47.8	21.7	9.3	33.1	40.1	44.2
Tsholotsho	54.7	38.3	4.7	5.3	35.8	55.2

Thus, there is a clear trend toward higher percentages being planted to sorghum and millet at the expense of maize. We believe this is due to a combination of two factors: (1) growing recognition that the chances of a larger and more consistent food supply in NR IV and V are higher when planting improved varieties of sorghum and millet rather than maize, and (2) greater availability of improved varieties of sorghum and millet in Zimbabwe (as well as the rest of southern Africa) as a result of the Sorghum and Millet Research activity.

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The combination of drought and general seed shortages in 1995 resulted in a marked reduction in the harvest in some areas previously planted to sorghum and millet, paralleling the overall decline in areas planted to other crops such as maize. The GOZ implemented a successful seed pack distribution program in the wake of the drought. However, due to the shortage of seed, many farmers were issued maize seed rather than sorghum and millet seed. Thus, the results of the 1994/95 season distort what previously appeared to be a clear trend toward continued increases in total areas planted to improved varieties of sorghum and millet. Fortunately, we anticipate that past increases in the production and adoption of these varieties will resume in the 1995/96 crop season, results of which will be reported in next year's R2 report by the RCSA.

**Intermediate Result 1.2:**      **Increased Average Household Benefits Generated by Community-Based Natural Resource Management Activities in Natural Regions IV and V**

**Indicators:**      Net household benefit from natural resource management activity<sup>1</sup>

**Continued Relevance of Impact Indicators**

As noted in the footnote below, we have modified this indicator slightly in order to take advantage of a more reliable and accurate data source. The decision to rely on WWF's database has simplified our current monitoring and reporting requirements, and the recent arrival of the project's institutional contractor will permit implementation of an effective impact assessment program. Monitoring and reporting requirements are now a fundamental element of the contractor's workplan.

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<sup>1</sup> Formerly there were two indicators for this intermediate result : (1) average household cash income from participation in community based NRM activities and (2) number of households participating in community based NRM activities. The new, single indicator serves as a replacement in satisfaction of a 1995 audit recommendation that took issue with the reliability of data sources for the former two indicators. Data for this indicator will be obtained through World Wide Fund for Nature (WWF) sources.

## Quantitative and Qualitative Assessment of USAID's Impact

The Natural Resource Management Project supports CAMPFIRE (Communal Areas Management Program for Indigenous Resources), an indigenous NGO working on the problem of inadequate rural income by providing opportunities to generate additional earnings through community-based natural resource management activities. CAMPFIRE is the realization of the concept that authority and capacity for productive, profitable, and sustainable utilization of natural resources is best vested in the people who live where those resources are located. Beyond generating a rural income stream, CAMPFIRE also works as a democratization and governance tool, empowering local communities financially and giving marginalized communities an opportunity for greater self-determination.

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Despite government efforts to step up the pace of resettlement programs, population has continued to grow at alarming rates in NR IV and V. In some cases, uninhabited bushland adjacent to national parks has fallen prey to uncontrolled human incursions, resulting in the loss of critical wildlife habitat. These incursions have both increased the amount conflict between people and wildlife populations and underlined the essential trade-offs between sustainable use and total eradication.

While wildlife resources and habitat on the periphery of national parks and protected areas face increasing threats, the situation inside many of these areas is not much better, owing to the lack of a clear animal population/habitat management strategy. In Hwange National Park a mushrooming elephant population has placed severe pressure on the indigenous woodland habitat. The impacts of over-population were magnified during the recent drought when vast herds of elephants crowded around the park's limited artificial water points on a 24-hour basis, making it impossible for smaller species to drink. USAID supplied funding through a local currency program to improve the situation. Ultimately, however, only the onset of early rains in October averted a major catastrophe. Further crises are likely, even with above-normal rainfall, so long as the current elephant population is permitted to continue growing in an uncontrolled fashion.

On the institutional side, the Department of National Parks and Wildlife Management was to have been transformed during 1995 from a government department into a semi-autonomous, profit-oriented entity, a change that was approved by the cabinet in early 1995. This move was intended to enable the Parks Department to, among other things, set its own salary levels and thus retain skilled personnel. The change-over has not been implemented, however, and many senior personnel have since moved on. Thus, the Department's ability to manage wildlife resources on the national parks estate, already undermined by repeated budget

cutbacks over the past decade, has been reduced ever further, and its capacity to manage wildlife resources outside the national parks estate has been virtually eliminated.

### Projected Impact for FY 1996-97

The current phase of USAID's support to CAMPFIRE supports activities in four broad areas: institutional strengthening, natural resources management, applied research, and regional communications. A key component of Phase II is the CAMPFIRE Development Fund (CDF), through which participating communities can access grants for support management training, technical assistance, and the construction of natural resource management infrastructure such as fences, water points, and tourist chalets. This program is being managed by the project's institutional contractor through the offices of the CAMPFIRE Association. To assist in this process, USAID delivered an environmental impact assessment course for 40 Rural Development Council (RDC) officers directly involved in developing and implementing CAMPFIRE activities in their home jurisdictions. More than a hundred proposals have already been received and, following technical review by CAMPFIRE Collaborative Group (CCG) members, funds will be released for promising activities at the local level.

CAMPFIRE participation is growing and is likely to continue growing in the future. Since the program's inception in 1989 the number of participating households has expanded from 9,000 to about 103,000. Revenues have increased from Z\$ 600,000 in 1989 to Z\$ 25 million in 1995.

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Program participants have seen firsthand that economic benefits derived from sustainable wildlife management can be a major contributor to the economic well-being of individual households and communities. A few examples illustrate this point.

- Masoka Ward received Z\$ 644,000 (about US\$ 75,000) in 1995, of which Z\$ 140,000 was distributed in cash to the 140 households in the Ward. Another Z\$ 65,000 was allocated for wildlife management activities such as fencing and support for anti-poaching units. The bulk of the remaining funds went to support a variety of community development projects, including a clinic, drought relief activities, a school fund, a soccer association, and a women's club. These projects were selected by ballot at a village meeting attended by more than 80 percent of the community's adult residents.

- In the Bulalima-Mangwe District (comprised of seven wards and 35,829 individuals in 6,068 households), Z\$ 306,000 in CAMPFIRE proceeds was put toward construction of a local school, the purchase of furniture for the local clinic, and construction of an electric cattle fence to manage local grassland resources.

Although 90 percent of the revenues generated by districts implementing CAMPFIRE in 1995 were derived from leasing sport hunting concessions to commercial safari operators, non-consumptive tourism is on the rise, as evidenced by the development of Sanyati Bridge Camp in Hurungwe District. The 1995 reporting year also witnessed additional development at Mavhuradhona Wilderness Area in Centenary District, where the introduction of a variety of wildlife species enhanced the popularity and success of the area's horseback photo safari operation.

The successes of CAMPFIRE, which depend as much upon income generation from resources utilization as from community participation, have been facilitated by parallel efforts by the Ministry of Local Government to develop the technical and professional capabilities of RDC personnel. Progress has been facilitated by the introduction (with the support of our development partners) of District Environmental Action Planning (DEAP), which provides for active participation of community-level decision makers at all stages of the process. Indeed, CAMPFIRE's dual focus on conservation of biodiversity and natural resources management and democracy/governance provides the basic outline of USAID/Zimbabwe's future strategic objective.

### Intermediate Result 1.3

### More Marketed Grain Available, at Lower Cost, for Rural Households in Communal Areas of NR IV and V

**Indicators:** Retail market price of maize in selected markets  
Retail market price of straight-run<sup>1</sup> maize meal in selected markets  
Retail price of roller meal<sup>1</sup> in selected markets  
Volume of grain marketed through private vs. public channels

### **Continued Relevance of Impact Indicators**

Under the assumption that dismantling state controls on the marketing and milling of maize will result in greater efficiency of the system overall, monitoring movements in the prices of maize and maize meal in the country is essential. Similarly, the proportion of these products moving through private versus public channels is a direct measure of the degree to which the public marketing system is in fact being dismantled.

### **Quantitative and Qualitative Assessment of USAID's Impact**

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<sup>1</sup> "Straight run" refers to the relatively unprocessed output of small scale "hammermills." By contrast, "roller meal" is the more highly processed output of large-scale industrial millers.

Under the auspices of the \$20 million USAID-supported NPA Grain Marketing Reform Program, the GOZ has made steady and impressive gains putting its formerly state-dominated maize trading and distribution system onto a commercial footing. From last year's API:

The removal of the roller meal subsidy and decontrol of maize movement have ushered in a permanent, sustainable improvement in Zimbabwe's grain trading and milling system. With these reforms in place, small scale millers, traders, and consumers can buy and sell grain freely for the first time in over sixty years.

The program has not only resulted in lower food prices but has also had an important "trickle up effect," as noted in the November-December issue of *Front Lines*:

The trading sector is empowered. Farmers can buy and sell at will. Consumers have cheaper food and more choices. Communities are experiencing trickle-out entrepreneurship, which starts with a mill, then a bakery, then shops. One person takes a risk, another follows. The grain reform program is stimulating growth and fostering a vibrant economy in Zimbabwe.

The final step in the liberalization process is for the parastatal Grain Marketing Board (GMB) to begin operating as a commercial organization alongside other marketing channels. While there have been delays in reaching this last step, some very positive steps in the right direction took place in FY 1995. For example, the GMB reduced its staff by about 400 employees and began licensing private importations of maize, steps that would have been unthinkable just a year ago. Government also announced that it would no longer bail out the GMB for operating losses after March 31, 1996. The Government and the GMB are shortly to sign a memorandum of understanding giving the latter authority to establish and maintain--on a commercial basis--a national strategic grain reserve.

We continue to monitor this situation closely. In the meantime, there is ample evidence that more grain is now available and at a lower cost to rural households in NR IV and V. The ability of consumers to buy grain and have it milled near their homes has continued to accord them access to straight-run meal that is 30-40 percent cheaper and more nutritious than industrially-processed roller meal. Even in the face of the recent drought and supply problems, the cost of maize in constant 1993 dollars has actually declined. Thus, decontrol has had a stabilizing effect on prices, even under drought conditions.

On the production side, small-scale grain millers, traders and consumers continue to enjoy the benefits of the totally liberalized grain marketing system. A rapidly expanding hammermilling industry has emerged and still continues to grow. This coming March we will be obtaining detailed information on the number, capacity utilization, geographic distribution, and growth rate of the hammermilling industry. In the meantime, we have received corollary data from the January 30, 1996 study entitled "Assessment of Household Grain Consumption, Grain Milling and Trading in Communal Areas of Natural Regions IV and V" that states:

It is evident that more than 50 percent of the hammermillers interviewed were established after 1990. This could be due to a combination of factors: (a) The decontrol of grain marketing which enabled grain to be moved into the deficit areas...and (b) The concurrent removal of subsidies on roller meal....

Other preliminary findings are that there are now 15,000 to 20,000 hammermillers throughout the country, and that in NR IV and V these hammermills are operated, on average, by two paid employees whose wages range from Z\$ 90 to 300 per month. Compared with the previous surveys of 1994, there has been little change in terms of volume milled, but this is largely attributable to the drought. On the other hand, the market share of the four principal industrial millers continued to decline substantially as more new hammermillers entered the milling business.

Finally, during FY 1995 USAID implemented several highly successful training programs for hammermill operators through the ZIMMAN II project. This aspect is discussed below under Intermediate Result 2.3.3, "Development of a Sustainable Market in SME Training Services."

## **Strategic Objective Two: Broadened Ownership and Increased Investment at all Levels of the Zimbabwean Economy**

As forecast in last year's API submission, FY 1995 saw a significant restructuring of SO 2. The revised results framework presented herein reflects analytical work and first-year implementation actions under the Zimbabwe Enterprise Development (ZED) project, a tightening of focus for the Zimbabwe Manpower Development (ZIMMAN II) project, consolidation of indicators for the Private Sector Housing Program (PSHP), and consideration of planned new interventions in the agribusiness/horticulture sector. SO 2 revisions also reflect the transfer of regional telecommunications and railroad infrastructure improvement activities to the RCSA in Gaborone. These latter activities are dropped from the USAID/Zimbabwe management contract effective with this Results Review submission.

The fundamental objectives of SO 2 remain (a) the promotion of economic *growth* in key sectors where USAID is involved and (b) the promotion of *equity*, that is, ensuring that economic expansion results in broader ownership of economic assets and more equitable distribution of benefits across a broad spectrum of the Zimbabwean population. The framework flows directly from ongoing reviews and analysis and responds to the following major impediments to economic growth in Zimbabwe:

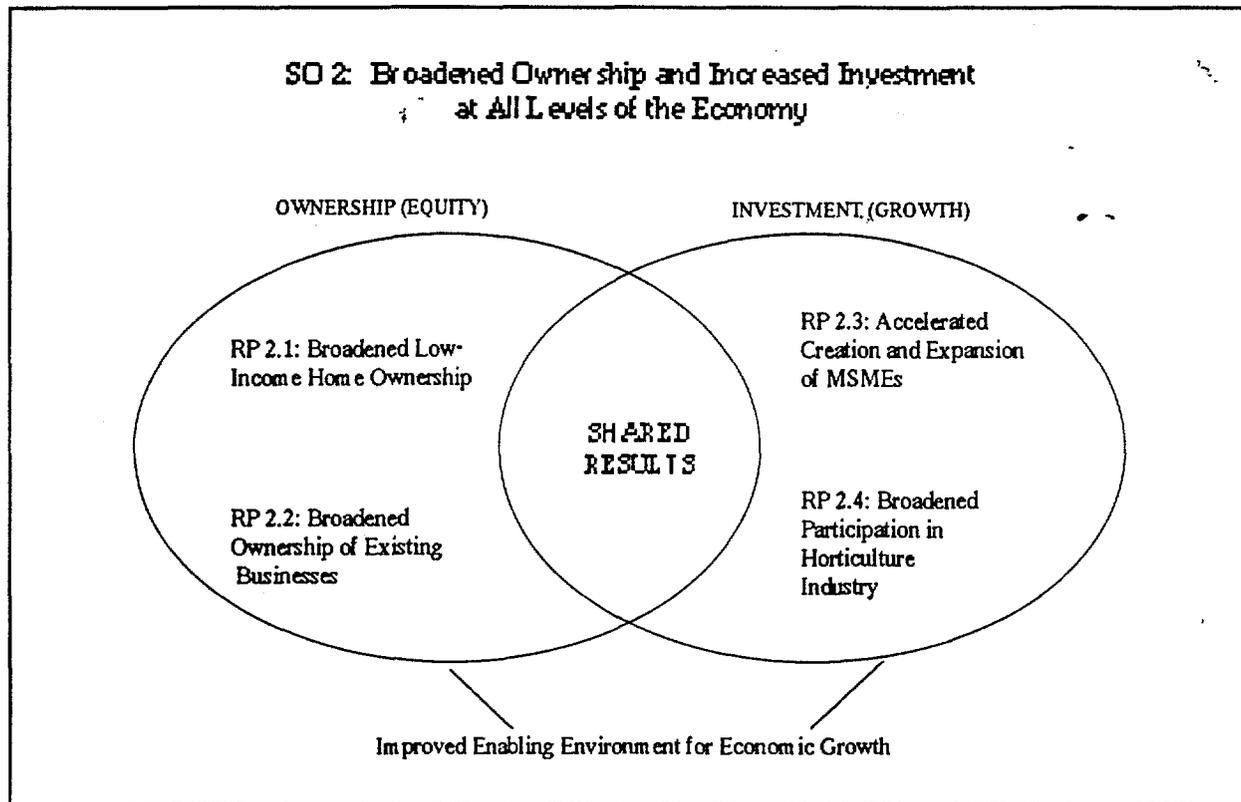
- High unemployment;
- Inadequate levels of private investment to create or expand businesses;
- Poor access to housing by low-income groups;
- Unrealized potential for significant foreign exchange earnings in promising export sectors;
- Gross inequity in the distribution of both wealth and income in the population; and
- Specific macroeconomic and sectoral policies that continue to discourage growth and development of the private sector.

Our analysis of these problems, articulation of development hypotheses, and rationale for current and planned activities are presented in provisional form in this submission and will be further amplified in the course of FY 1996. Four intermediate results define the revised strategic objective at present:

- Broadened low-income home ownership;
- Broadened ownership of existing businesses;

- Accelerated creation/expansion of sustainable micro, small, and medium-sized enterprises (MSMEs); and
- Broadened participation in the horticulture sector.

The following schematic shows the relationship of intermediate results to each other and against the overall twin objectives of increased growth and equity.



Care has been taken to articulate the relevance of each intermediate result and its associated indicators, including an explanation of which results/indicators are essentially a recasting or regrouping of indicators from the FY 1994 Results Review and which have been newly formulated. This discussion is followed in each section by an assessment of impact in FY 1995, highlighting actual performance against indicator baseline and target figures where relevant and reporting on significant interim implementation actions that have been completed and will have a direct bearing on performance in FY 1996 and beyond.

## Intermediate Result 2.1

## Broadened Low-Income Home Ownership

**Indicators:** Number of low-income housing units built annually per 1,000 population  
Number of low-cost stands built annually per 1,000 population

### **Continuing Relevance of Impact Indicators**

In Zimbabwe over one million people are homeless and one in four families is actively seeking housing. In the urban areas alone over 600,000 households are on municipal waiting lists for the allocation of housing plots. Yet the market is only able to supply one percent of the demand. In fact, housing production in Zimbabwe is less than a quarter of the average level for sub-Saharan African countries and only 13 percent of the average production level for countries in its income group. This chronic backlog has resulted in extreme over-crowding in urban areas. In Harare, housing density is seven square meters per person, as compared with a world average of 18.

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*In 1994 the construction rate had actually fallen to 0.5 units per 1,000. In 1995 as a result of USAID funds flowing into the housing sector, the rate rose to 4.3 units per 1,000, a 330 percent increase over our target.*

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The causes of the housing crisis can be traced to inappropriate government policies and administrative procedures inhibiting the production and delivery of low-cost housing in the urban areas. USAID's Private Sector Housing Program (PSHP) aims to help remove these policy impediments and thereby help establish a private sector-led system for sustainable financing and production of low-cost urban housing. By providing increased access to affordable housing for the low-income urban population, PSHP will improve economic and social well-being, stimulate economic growth in construction, home furnishings and financial industries, and contribute to political stability. In addition, emerging entrepreneurs, both men and women, often use their homes as collateral for business loans; thus, increased home ownership by low-income households will also expand opportunities for the start-up or expansion of businesses and thereby contribute further to economic growth.

The number of low-income housing units built annually per 1,000 population measures performance of the home construction industry. The number of low-cost stands built annually per 1,000 population measures performance of the land delivery system.

### **Quantitative and Qualitative Assessment of USAID Impact**

In the baseline 1992 year, 0.6 units per 1,000 population were built. According to partial results for 1995, we have already met and exceeded our end-of-program target of 1.3 low-income units per 1,000 population. In 1994 the construction rate had actually fallen to 0.5 units per 1,000. In 1995, as a result of USAID funds flowing into the housing sector, the rate rose to 4.3 units per 1,000, a 330 percent increase over our target.

Similarly, the time lag between planning and actual provision of serviced sites--permit delays presently can be as long as 45 months--improvements in the provision of low-cost stands did not occur until this year when

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*We have already met and exceeded our targeted annual production of at least 5.0 stands per 1,000 population.*

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developments financed through the PSHP came on line. In the 1992 baseline year, 2.94 stands were produced per 1,000 population. The production rate dropped to 1.77 and 0.49 in 1993 and 1994 respectively, but based upon a sampling of several cities, has risen in 1995 to 5.56 low-cost stands per 1,000 population. Thus, we have already met and exceeded our targeted annual production of at least 5.0 stands per 1,000 population.

Year	Low-Cost Stands Per 1,000 Population
1992	2.94
1993	1.77
1994	0.49
1995	5.56

**Intermediate Result 2.1.1**

**Increased Access by Low-Income Households to Mortgage Financing**

- Indicators:**
- Number of low-income mortgages granted annually
  - Percentage of total mortgage loans going to low-income households
  - Cumulative value/number of low-income mortgages issued through PSHP
  - Number of low-income female-headed households obtaining mortgage loans

**Continuing Relevance of Impact Indicators**

The number of low-income mortgages granted annually shows impact on the lending practices of the building societies and is indicative of our effectiveness in helping put into place a sustainable system of housing finance for low-income families. The number of low-income mortgages granted annually to low-income households reflects USAID's impact on the lending practices of the building societies. The cumulative value and number of low-income mortgages issued measures the effectiveness of the program in achieving its target of 43,200 mortgages. The number of low-income female-

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*The program granted 7,329 low-income mortgages in FY 1995, the largest volume ever achieved by the housing finance sector.*

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headed households obtaining mortgage financing through the project measures our impact on women.

### **Quantitative and Qualitative Assessment of USAID Impact**

In the 1993 baseline year only 1,220 mortgages were granted to low-income households. PSHP intends to increase this to 10,000 per annum, a volume greater than ever previously achieved in Zimbabwe. The program granted 7,329 low-income mortgages in FY 1995, the largest volume ever achieved by the housing finance sector. From a baseline of 12 percent in 1992, USAID intends to leverage a shift in building society lending patterns such that no less than 50 percent of all mortgage go to urban households with below-median incomes annually.

Low-income women traditionally face cultural and administrative obstacles to obtaining housing finance. Although 20 percent of urban households are headed by women, in the past only about 3 percent of the beneficiaries of USAID's low-income housing projects were women. USAID will try to ensure that at least 5 percent--or approximately 2,160 of the program's mortgage loans--go to female-headed households. Statistics from one of the four participating building societies indicate that almost 13 percent of the mortgages granted under PSHP have been to women-headed households. We are hopeful, therefore, of not only meeting but greatly exceeding our program target.

#### **Intermediate Result 2.1.2      Increased Affordability of Low-Cost Housing**

**Indicators:**      Percentage of households that can afford the minimum standard housing unit  
                         Median construction cost (excluding profit) of minimum standard house  
                         Median cost of a low-cost stand (plot)  
                         Price/income ratio (minimum house cost vs. annual urban median income)

#### **Continued Relevance of Impact Indicators**

The percentage of households that can afford the minimum standard housing unit is a measure of the affordability of low-cost housing. The median construction cost (excluding profit) of the minimum standard house is another measurement of access to shelter by low-income households. The median cost of a low-cost stand is yet another measure of housing affordability. Our target is to reduce the cost of a serviced low-income stand by 47 percent from 1992 prices through a reduction in housing plot and infrastructure standards.

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*We have already achieved a 64 percent reduction in construction costs.*

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A final measure of affordability is down-market penetration, the ratio between the lowest priced formal sector dwelling unit built by the private sector and the median annual urban household

income. This is a key indicator of the affordability of new housing. A rise indicates that housing is become less affordable.

### Quantitative and Qualitative Assessment of USAID Impact

In the 1992 baseline year only 23 percent of the population could afford the minimum stand unit. By 1993, with GOZ adoption of new housing and infrastructure standards as a precondition to disbursement of first tranche funds, the new minimum housing unit was affordable to 70 percent of the population. This is the target percentage. We are now concentrating on maintaining this down-market penetration level in the face of an inflationary economy in which real wages are declining.

In 1992 it cost Z \$20,944 (about US\$ 4,189) to construct the standard minimum-house. Our target is to reduce the cost of the minimum unit by at least 10 percent from 1992 levels to no more than Z\$ 18,850 (US\$ 3,770). In reality, through policy reforms involving a reduction in inappropriately high housing standards, and by facilitating the adoption of new building technologies, we have already achieved a 64 percent reduction in construction costs to a price of 7,565 1992 Zimbabwe dollars.

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*We are well on the way toward meeting our end of program target of reducing the median price of a low-cost stand by 47 percent.*

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In 1992 the median price of a low-cost stand was Z\$ 7,137 (US\$ 1,427 at then-prevailing exchange rates). In 1995, stands produced under PSHP were costing 3,063-4,283 (1992) Zimbabwe dollars (US\$ 378-531 based on 1995 exchange rates). This represents a reduction in the cost of a low-income stand of between 41-50 percent.

We are well on the way towards meeting our end of program target of reducing the median price of a low-cost stand by 47 percent or to Z \$3,783 in 1992 Zimbabwe dollars.

As shown in the following table, USAID has also helped reduce the price/income ratio from 2.7 in 1992 to approximately 1.75, exceeding our end of program target of 1.9.

Year	Ratio of House Price to Income
1992	2.7
1993	3.1
1994	2.2
1995	1.75

## Projected Results for FY 1996-97

During FY 1996-1997 we will continue to work toward helping Zimbabwe put a sustainable system of low-income housing finance and construction into effect. We will be negotiating further deregulation of the housing finance sector, establishment of a level playing field for private residential land developers, and additional cost savings through further reductions in standards for the provision of water and sewer infrastructure. These reforms, which are reflected in the conditions precedent to third tranche disbursement, should increase the amount of capital available for mortgage lending, reduce the cost of land development, and provide incentives for increased private sector involvement in the provision of low-cost housing.

By the end of FY 1997, low-income mortgage lending under PSHP should reach the targeted level of 10,000 mortgages per year, at which point the majority of loans granted by the building societies will, for the first time, be going to low-income beneficiaries. It will mark the first year since 1982 that the country has produced more than 10,000 low-cost units. We project that production of low-cost housing plots will also rise to an annual level of well over 10,000 units. Low-cost housing projects are planned to commence in seven to ten additional towns, bringing the total number of participating communities to between 14 and 17. By the end of FY 1997 we should also have facilitated the entry of two additional American firms into the Zimbabwean low-income housing market.

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*By the end of FY 1997, low-income mortgage lending should reach the targeted level of 10,000 mortgages per year, at which point the majority of loans granted by the building societies will, for the first time, be going to low-income beneficiaries.*

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Technical studies will explore the feasibility of establishing a secondary mortgage market, expanding the municipal bond market and reducing school site standards. These studies may lead to further regulatory reforms in the move toward establishment of a sustainable shelter financing and construction system.

Several major problems will face the program in FY 1997. One, which has been alluded to, is weak performance by the Department of the Surveyor-General, which hurts the land development process and seriously reduces the availability of titled land against which mortgage loans can be made. Convincing the Department of the Surveyor-General to undertake major reforms will be one of the major challenges for the coming fiscal year. A second major problem relates to the GOZ's current budget crisis, which, if not quickly resolved, will limit the availability of counterpart matching funds and thereby retard implementation of the land development component of the program.

Two additional problems, which are essentially internal matters, also pose serious threats to the program. A congressional cut-back in HG loan authority endangers the availability of the

third tranche HG loan of \$20 million. Failure to come through with these funds could lead to a serious reduction in the scope and impact of the program.

The other problem is USAID/W's difficulty up to now in assuring provision of a suitable replacement for the housing and urban development officer, who is completing his tour here in 1996. A vacancy in this position would leave the mission vulnerable and unable to manage this complex program. Given the impressive achievements of the program to date and potential for even greater accomplishments, USAID/W needs to ensure the continuity of staffing and funding for the program.

**Intermediate Result 2.2:                    Broadened Ownership of Existing Businesses**

**Indicators:**                    (See indicators for individual sub-elements below)

**Continued Relevance of Impact Indicators**

There is significant scope for expanded share ownership of both private and parastatal enterprises in Zimbabwe. While statistics are not exact, it is a legacy of Zimbabwe's pre-independence policies that in excess of 75 percent of the industrial manufacturing assets of the country are owned by minority white Zimbabweans. The government currently pursues redistribution of assets on a "willing buyer/willing seller" basis. USAID supports this general approach and seeks to both reinforce and accelerate the process by introducing the innovative approaches outlined below.

While there was some reference in last year's API to plans for activities in this arena, the identification of Intermediate Result 2.2 as a discrete unit occurred only in FY 1995 with the design of the Zimbabwe Enterprise Development (ZED) project. ZED is now in operation and will advance this work on several fronts, e.g., government policy and incentives, transaction support, and financing options. Performance will be measured against 1995 baseline data. Three elements have been provisionally identified:

- 2.2.1    Created or expanded employee stock ownership plans (ESOPs) in established large private companies;
- 2.2.2    Expanded ownership in established small and medium-sized private companies through management/employee buyouts (MBO/EBOs); and
- 2.2.3:    Partial privatization of parastatal corporations via sale of shares or other assets to management and/or employees

**Intermediate Result 2.2.1:**      **Created or Expanded Employee Stock Ownership Plans (ESOPs) in Established Large Private Companies**

**Indicators:**      Cumulative number of large companies having significant (>5%) passive employee share ownership via ESOPs.

**Continuing Relevance of Impact Indicators**

ESOPs involve the sale, or transfer via trust arrangements, of a small percentage of shares to company employees. While such minority holdings represent passive ownership (employee groups do not gain a controlling interest), ESOPs should lead to greater motivation and consequent productivity increases at the company level, especially if combined with worker participation programs or profit sharing programs. A holding of at least 5 percent of company shares is deemed necessary for an ESOP to be considered "significant."

**Quantitative and Qualitative Assessment of USAID Impact**

Work in this area will be getting underway during calendar year 1996. Two preparatory implementation actions are now nearing completion. First, pursuant to a condition precedent of the ZED project, a specialized technical working group--the Employee Ownership Task Force--consisting of both government and private sector members has been named. The task force will play a lead role over the next two to three years guiding the development and incorporation into government policy of an appropriate incentive package (tax, financial, other) to encourage greater adoption of ESOPs in Zimbabwe. Second, the scope of work for the ZED institutional contractor provides for long-term advisors skilled in promoting employee ownership schemes. Contractor staff should be on board by mid-1996. Finally, an additional resource already in place is the International Executive Service Corps (IESC), which may be drawn upon to provide short term U.S. volunteer business executives to work on specific ESOP transactions.

**Intermediate Result 2.2.2**      **Expanded Ownership in Established Small and Medium-Sized Private Companies through Management/Employee Buyouts (MBO/EBOs)**

**Indicators:**      Cumulative number of small and medium enterprises (SMEs) that are significantly (>50%) owned and controlled by managers and employees.

**Continuing Relevance of Impact Indicators**

Unlike ESOP transactions, MBO/EBOs involve the transfer of a controlling ownership interest to new shareholders. The critical factors in encouraging such transactions are less likely to be tax or other financial incentives and more so the careful structuring of transactions. To be considered an effective buyout, at least 50 percent of shares should be

held by managers and employees, while some portion of shares is likely to be held by third party "management buy-in" partners.

### Quantitative and Qualitative Assessment of USAID Impact

MBO/EBO promotion work will begin in 1996. ZED institutional contract staff, local and expatriate, will play a lead role. Other resources will include short-term assistance by IESC business experts and possible financial support through the centrally-funded Micro/Small Enterprise Development (MSED) program's loan guarantee facilities and/or equity investments through the Southern Africa Enterprise Development Fund (SAEDF)<sup>1</sup>

**Intermediate Result 2.2.3: Partial Privatization of Parastatal Corporations via Sale of Shares or Other Assets to Management and/or Employees**

**Indicators:** Cumulative number of parastatals that have completed one or more ESOPs, MBO/EBOs, or spin-offs of company operations.

### Continuing Relevance of Impact Indicators

The concept of employee ownership schemes is highly relevant to the Zimbabwean Government's plans to privatize parastatal corporations. One of the principal means to assure that indigenization occurs simultaneously with privatization is for current parastatal employees to gain a shareholder stake in a newly privatized company. In fact,

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*Government decisions to proceed with full-scale privatization of specific parastatals may hinge on "indigenization-friendly" techniques such as ESOPs.*

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Government decisions to proceed with full-scale privatization of specific parastatals may hinge on indigenization-friendly techniques such as ESOPs. Other transactions, short of full privatization but still involving the transfer of assets to new private owners, will include spin-offs by parastatals of certain productive or service functions. In the case of spin-offs, new SMEs will be created, formed at least in part by former parastatal employees.

### Quantitative and Qualitative Assessment of USAID Impact

One parastatal, Dairibord (Pvt) Ltd, has already taken a first step toward partial privatization with USAID-financed IESC<sup>2</sup> assistance via the spinoff of several wholesale offices to independent private enterprises through a franchising operation. Dairibord as a whole, which

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<sup>1</sup> See Intermediate Result 2.3.2 on SME access to debt and equity finance.

<sup>2</sup> International Executive Service Corps

has already been "commercialized" (converted to company status from the former Dairy Marketing Board, but still 100 percent owned by the government) is being considered for further privatization.

Another parastatal, the Zimbabwe State Trading Corporation (ZSTC), was the subject of intense scrutiny for buyout by its managers and employees during FY 1995. A detailed transaction plan was prepared by a USAID-sponsored IESC expert. A small parastatal (less than 50 employees), a government decision on whether ZSTC will be privatized via an MBO/EBO is pending.

**Intermediate Result 2.3: Accelerated Creation and Expansion of Sustainable Micro, Small and Medium-Sized Enterprises (MSMEs)**

**Indicators:** Percentage, by value, of total loans by commercial banks going to MSMEs

**Continuing Relevance of Impact Indicators**

Small and medium enterprises (SMEs) and microenterprises (MEs) represent the target group for this intermediate result. The precise definition of an SME depends on several variables. As a general rule, Zimbabwean firms are considered SMEs if they are formally registered, are able to source credit from established commercial banks, and have less than 100 employees. We expect SMEs to be a leading source of future business expansion and employment creation in the formal sector and, increasingly, to be owned and operated by indigenous Zimbabweans. In order to meet these expectations, SMEs will require both a favorable policy environment (including reasonably low interest rates) and well-designed supply-side interventions to accelerate new SME investment such as improved access to commercial bank finance, training services geared specifically to SME needs, and mutually beneficial linkages to larger enterprises through such mechanisms as franchising and subcontracting, two techniques we are promoting heavily.

By contrast, microenterprises are generally not formally registered, do not have access to formal credit, and have fewer than 10 employees. USAID-financed "GEMINI" surveys have documented that MEs provide the only income-generation outlet for well over half of Zimbabwe's households. USAID will promote their growth by helping expand their access to small loan "micro-credit" facilities, with a goal of making such credit available to a much higher percentage of MEs than is presently the case. A special concern is to find a means of targeting the more dynamic (i.e., expanding) MEs to "graduate" to small business status through a shift from reliance on NGO credit sources to established commercial banks.

## Quantitative and Qualitative Assessment of USAID's Impact

Last year's API commented on preliminary design work then underway for the "Access to Capital" component of the Zimbabwe Enterprise Development (ZED) project. First year ZED implementation actions have progressed rapidly and include the following achievements:

- a. A three-year cooperative agreement with the private Confederation of Zimbabwe Industries, a private organization, to foster business subcontracting relationships between SMEs and large enterprises;
- b. A three-year cooperative agreement with the Zimbabwe National Chamber of Commerce, also private, to promote the creation of SME franchise businesses in Zimbabwe;
- c. Negotiation and signing of five-year loan guarantee commitment agreements with two prominent commercial banks, Barclays Bank of Zimbabwe Ltd. and Stanbic Bank Zimbabwe Ltd. via USAID's centrally managed Micro and Small Enterprise Development (MSED) facility;
- d. Initiation of a direct grant and related support to the two principal NGO microcredit agencies in Zimbabwe, Zambuko Trust and Phakama Savings and Credit Society; and
- e. Preparatory steps to assure that significant equity capital from the RCSA-based Southern Africa Enterprise Development Fund (SAEDF) flows to SME investment opportunities in Zimbabwe.

This intermediate result has been formulated to advance a more comprehensive approach to MSME promotion. Our principal achievement in FY 1995 was to establish a coherent, inter-linked set of activities, most of which have 1995 baselines for measurement of future performance and results. ZIMMAN II activities have also been rationalized and refocused to serve both private and public sector training requirements, as detailed in Intermediate Result 2.3.3.

Mention should also be made of the ongoing cooperative agreement with the International Executive Service Corps (IESC). The IESC program is funded under the Zimbabwe Business Development Project and is providing an average of 30 U.S. volunteer business experts per year to work on Zimbabwe assignments. Most of the recipient clients in Zimbabwe are SMEs. An in-depth

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*Partial loan guarantees can be an effective mechanism for building bank confidence in lending to MSMEs.*

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evaluation of the IESC program will be completed in 1996 to assess impacts relevant to Intermediate Result 2.3 and other SO 2 objectives.

A good national-level proxy for measuring MSME creation and expansion is the value of commercial bank credit supporting them. There are currently five commercial banks in Zimbabwe. While more precise data are needed, we estimate that the current level is presently under five percent. Reasons for the current low level appear to include a higher risk factor lending to MSMEs versus to large enterprises and the absence of effective competition in the banking sector. However, current market conditions appear to be fueling more competition and thereby a search for new client groups as a source of bank profit.

USAID and other development assistance agencies have found that partial loan guarantees can be an effective mechanisms for building bank confidence in lending to MSMEs. At a macro level, however, progress in reducing inflation rates--and thereby both nominal and real interest rates--will be critical to MSMEs being able to increase their working- and investment-capital borrowing from banks.

Four sub-elements have been identified for this intermediate result:

- Establishment or expansion of SMEs via sub-contracting, franchising, and other means
- Increased MSME access to debt and equity capital;
- Development of a sustainable market in SME training services; and
- Increased number of formally registered businesses and legally registered land title deeds

**Intermediate Result 2.3.1:      *Establishment or Expansion of SMEs via Sub-Contracting, Franchising, and Other Means***

**Indicators:**      Cumulative number of SMEs with new, sustained business operations through subcontracting relationships with large firms (via CZI cooperative agreement).

                         Cumulative number of SMEs in new, sustained franchising businesses (via ZNCC-FAZ cooperative agreement).

**Continued Relevance of Impact Indicators**

Sub-contracting and franchising have been used to proven effect both in creating and in expanding SMEs around the world.

## Quantitative and Qualitative Assessment of USAID Impact

A three-year cooperative agreement has been signed with the Confederation of Zimbabwe Industry (CZI), the country's major private business association representing the manufacturing sector. CZI has already prepared an initial database of large and small companies nationwide with an interest in sub-contracting. The program is receiving additional support from the

Norwegian aid program NORAD. A similar three-year cooperative agreement has been signed with the Zimbabwe National Chamber of Commerce (ZNCC) on behalf of the newly established Franchising Association of Zimbabwe (FAZ). The agreement calls for the promotion of linkages between larger firms, both national and international, and indigenous Zimbabwean entrepreneurs for the purposes of establishing new small business franchises. Both of these programs will begin showing results in 1996.

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*Sub-contracting and franchising have been used to proven effect both in creating and in expanding SMEs around the world.*

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### Intermediate Result 2.3.2: Increased MSME Access to Debt and Equity Capital

**Indicators:** Number and value of USAID 50%-guaranteed loans to SMEs by Barclays Bank and Stanbic Bank.

Number and value of loans to MEs via operations of Zambuko Trust and Phakama Savings and Credit Society.

Cumulative number and value of equity investments in SMEs by Southern Africa Enterprise Development Fund (SAEDF).

### Continued Relevance of Impact Indicators

As in other parts of the world, creation and expansion of medium and small enterprises is fostered by improved access to capital.

## Quantitative and Qualitative Assessment of USAID's Impact

MSED loan guarantee commitment facilities were signed with both Barclays Bank and Stanbic Bank in FY 1995. Our objective is to encourage these two banks to expand their SME lending operations on the basis of evidence gained through application of the USAID loan guarantees that such lending will become a significant

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*By early 1996, four months after signature of the agreement, Barclays Bank had already placed 40 loans under USAID guarantee cover.*

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source of profit. By early 1996, four months after signature, Barclays Bank had already placed 40 loans under USAID guarantee cover (50 percent of the loan value is guaranteed) with a total value of over US\$ 200,000, or approximately US\$ 5,000 per loan. These loans are directed at small clients, and Barclays has indicated that the majority of loans would not have been made without USAID assistance. Stanbic Bank has not yet reported on its use of the facility to date

Zambuko and Phakama, local NGOs engaged in microcredit operations, are both supported through centrally-funded USAID grants channelled through partner U.S. NGOs Opportunity International (for Zambuko) and Mennonite Economic Development Associates (for Phakama). Regional and bilateral funds are also being applied, in the case of Zambuko to analyze options for sourcing commercial capital to expand its program and in the case of Phakama to assure rapid start-up. Zambuko currently has a country-wide portfolio of approximately 2,500 micro-loans after three years of operation, and Phakama, which operates only in the Bulawayo region, started in late 1995 and already has made over 400 micro-loans. This is against a USAID target of 3,000 loans for both institutions combined. In both instances the loan values average about US\$ 300 per loan. From a 1995 baseline, volume is expected to increase substantially in both agencies. Over the long term, links with commercial banks (e.g., loans and equity stakes) will be fostered, with the ultimate objective of "mainstreaming" microlending into the formal financial sector, starting with Zambuko.

In 1995 we began introducing SAEDF staff to SME investment opportunities in Zimbabwe. We expect initial direct SAEDF investments beginning in 1996, plus one or more agreements between SAEDF and local financial intermediaries in Zimbabwe to serve as channels for SAEDF funds. We are presently targeting \$10 million out of SAEDF's current \$100 million in investment funds, which we think is realistic for Zimbabwe. An average investment of \$125,000 per transaction is presently anticipated

**Intermediate Result 2.3.3**      **Development of a Sustainable Market in Small and Micro-Enterprise Training Services**

**Indicators:**      Cumulative number of companies supplying competency based training ("CBT") to SMEs.

Cumulative number of industry and trade associations demanding/facilitating provision of CBT-based training for their SME member enterprises.

Cumulative number of SME client companies paying full cost of market-priced CBT-based training annually.

## Continued Relevance of Impact Indicators

Lack of suitable, practical training for SMEs is widely considered to be a brake on their development. The new technology known as "competency-based training (CBT)" has been shown to be particularly effective for these types of firms.

## Quantitative and Qualitative Assessment of USAID's Impact

*ZIMMAN HELPS REVITALIZE FARMS--THIRTEEN FARMERS TELL OF SUCCESS*, proclaims the headline of a full-page article in the business section of Zimbabwe's daily paper. The article refers to one of our key client target groups, indigenous (black) Zimbabwean commercial farmers who own and operate some 700 out of about 4,000 of the large commercial farms in Zimbabwe. Having acquired their farms only during the past fifteen years (i.e., since independence in 1980), indigenous farmers have been handicapped by a lack of prior business experience. Many are in a precarious financial situation. So far, through USAID's ZIMMAN II project, two groups totaling 30 indigenous farmers have completed an intensive CBT program provided by one of the private training firms cooperating with ZIMMAN. Over the next year, nine additional CBT programs have been scheduled across the country. Demand for the courses is being encouraged by the Indigenous Commercial Farmers Union, a private business association, through which individual members have been introduced to the potential of CBT training. The commercial banks engaged in lending to the sector are also on board, some of which are linking expanded loan facilities to entrepreneurs with demonstrated skill capacities based on CBT training they have received.

ZIMMAN II is promoting the development of a functioning, financially viable market in business training services geared to the practical needs of indigenous Zimbabwean small and medium business enterprises. Heretofore, while several private training firms have offered general business training courses in the marketplace, the courses have been too expensive for SMEs to afford and have not been addressed to practical skill-building needs. To fill this gap, project resources have been used to develop new, innovative "competency based training (CBT)" programs, which are being adopted by a number of private training firms and successfully delivered to targeted SME client groups. What is now emerging is a group of training companies (on the supply side) equipped with relevant new CBT products to sell, and, on the demand side, SME client firms and entrepreneurs ready and willing to pay full market cost for such training. In other words, there is good indication that a sustainable market in SME training services is being put in place.

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*ZIMMAN II is promoting the development of a functioning, financially viable market in business training services geared to the practical needs of indigenous Zimbabwean small and medium business enterprises.*

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Success came in 1995 with the emergence of three indigenous training firms capable of delivering effective CBT-based business training. CBT training modules have been developed for the agribusiness and manufacturing sectors, adjustable for subsector groups within each broad industry. Five SME business associations are also participants in the endeavor, both on the demand side (advocating the benefits of CBT to their members and assisting in forming training groups) and the supply side (having association staff learn CBT techniques that the associations can use in their own training programs). At year end, the full CBT module (typically staggered several months) had been delivered to 30 SMEs. An estimated 300 more SMEs will participate in 1996. Training fees and costs suggest that a financial break-even point can be reached when annual participants reach 500 SMEs, assuming no more than seven skilled training providers serve different subsector groups. The CBT format is being accepted by SMEs because they benefit from skills learned and from ideas for cost savings and other bottom-line improvements they can apply to their businesses. In addition, banks tend to have more confidence lending to SMEs that have received such training.

From a base of zero training firms providing market-priced CBT training to SMEs in 1994, three were operating as of the end of 1995. By the end of 1997 the activity is expected to have engaged 10 training firms in CBT training, serving at least 500 paying client firms associated

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*From a base of zero training firms providing market-priced CBT training to SMEs in 1994, three were operating as of the end of 1995.*

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with at least 10 industry associations representing SMEs in different sectors. The activity is a particularly good example of coordinated action involving USAID, private business associations, financial institutions, and targeted private firms (both the training companies and SME training recipients).

ZIMMAN II has also funded a series of training programs in business management and technical skills for small-scale grain millers. Over 150 mill owners or managers have been taught basic business skills, which will enable them to successfully operate their businesses, and expand. Assisting these millers has had an impact on the economy. When the deregulation of the milling industry took place, the number of small scale mills increased from approximately 3,000 to 18,000. These small mills based in villages and growth points, have provided the rural community of good quality but low cost ground maize. Training manuals in the three main languages have been distributed to those micro millers who have not had the opportunity to attend the courses. NGO trainers have also been trained to continue this program, using video training materials. This will ensure the program continues beyond the ZIMMAN II project. The table on the following page provides a breakdown of ZIMMAN-sponsored training activities that took place during FY 1995.

Nature of Training	Number of Firms Participating	Participants		Total
		Male	Female	
Micromillers	120	148	16	164
Transport Operators	52	71	4	75
CBT	147	168	23	191
Total	319	387	43	430

**Intermediate Result 2.3.4: Increased Number of Formally Registered Businesses and Legally Registered Land Title Deeds**

**Indicators:** Cumulative number of companies registered annually under the 1993 Private Business Corporations Act

Number of land titles/deeds registered annually

**Continued Relevance of Impact Indicators**

Backlogs and inefficiencies in the official registration of business and land title deeds is a recognized impediment to private enterprise development in Zimbabwe.

**Quantitative and Qualitative Assessment of USAID Impact**

A new activity scheduled to begin in 1996 entails assistance to the Deeds and Companies Department of the Ministry of Justice, Legal, and Parliamentary Affairs (MJLPA). Resources will be brought to bear from the ZIMMAN II, Zimbabwe Business Development, and Private Sector Housing projects with beneficial impacts projected both for the business promotion and low-income shelter elements of SO 2. The activity involves development and installation of computerized business and land title deed registration systems; the conversion of all previous records (dating to the early 1900s) to a modern format; and training of MJLPA staff to master the technical aspects of the new systems and adopt a customer-friendly (eventually revenue generating) business style. Significant improvements are anticipated by the time work is completed in mid-1997.

With regard to company registration, MJLPA has been charged with implementing the 1993 Private Business Corporations Act (PBCA), new legislation that provides for simplified registration procedures for small and micro enterprises. MJLPA has not been able to operationalize this legislation due to the lack of a computerized system to cope with the high anticipated volume of new registrants. Based on a South African model, PBCA's easier registration requirements should give MSMEs a leg up in gaining formal bank credit. In the

case of land title deeds, uncertainties surrounding legal title, complicated by deficiencies in the Surveyor General Department (currently being addressed by other development assistance agencies), have slowed and sometimes actually stalled business activity, a prime example being the housing construction industry.

**Intermediate Result 2.4:            *Broadened Participation in Horticulture Industry***

**Indicators:<sup>1</sup>**        Proportion of vegetable export production sourced from small and medium sized producers

**Continued Relevance of Impact Indicators**

The horticulture industry is projected to expand rapidly in the next five years, particularly for the export of fresh and processed vegetables, and it is likely there will be opportunity for a good spread of benefits among new participants. Contacts with Zimbabwean private partner organizations (e.g., the Horticulture Promotion Council) suggest that carefully targeted support may help medium size indigenously-owned and -operated farm enterprises increase their sales significantly under outgrower contracts with established horticulture producers, processors, and exporters.

Over time the proportion of horticulture export production sourced from small farm enterprises could greatly exceed the present under-5 percent level, perhaps as high as 30 percent given the current highly favorable market environment. We are optimistic that the more successful new entrants will actually become exporters themselves and gain further value added in the process.

Within the horticulture export sector, fresh and processed vegetables will be the focus of USAID efforts. It is in these produce crops that supply shortfalls occur and that entry level costs for SME farmers are relatively light. By contrast, other horticultural products such as cut flowers carry high capital costs, are less labor-intensive, and have higher quality standards.

**Quantitative and Qualitative Assessment of USAID Impact**

This intermediate result is presently the least developed in the overall framework of SO 2. Analytical work and partner consultation will continue, with commitment of funds envisioned in either late FY 1996 or early 1997.

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<sup>1</sup>     Baseline and target figures for all Intermediate Result 2.4 indicators will be established as activity is designed.

### **Strategic Objective Three: Reduced Fertility<sup>1</sup>**

**Indicators:** National total fertility rate  
Rural total fertility rate

#### **Continued Relevance of Impact Indicators**

The original target for this SO was for a sustainable reduction in the total fertility rate (TFR) to 4.5 children per woman by 1998. By 1994 the TFR had fallen to 4.3, surpassing this goal; so the target has been revised to 4.0 children per woman. This target appears achievable given the continued downward trend in fertility, current levels of unmet need, and continued reductions in the ideal family size as expressed by younger women.

#### **Quantitative and Qualitative Assessment of USAID Impact**

USAID's long-term support for Zimbabwe's family planning program has made a significant long term and very positive impact on life in Zimbabwe. The 1994 Demographic and Health Survey (DHS) reported that the total fertility rate had fallen by 33 percent over 10 years, from 6.5 children per woman in 1984 to 4.3 in 1994.<sup>2</sup> Increased contraceptive prevalence is strongly associated with fertility reduction. In 1984, 36 percent of married women used contraceptives and 27 percent of married women used modern contraceptives. By 1994 these figures had climbed to 48 percent and 42 percent, respectively. Among all sexually active women (married and unmarried) between the ages of 15 and 49, contraceptive prevalence was even higher. By the end of 1994, 53 percent of all sexually active Zimbabwean women aged 15-49 used a modern contraceptive method.

The difference between urban and rural women's attitudes towards fertility and contraceptive use is striking. Urban fertility is 58 percent lower than rural fertility (3.1 versus 4.9 children per woman). Correspondingly, the use of modern contraceptive methods is higher in urban than rural areas (54 percent versus 37 percent). Urban women want smaller families than rural women (the ideal numbers are 3.5 and 4.7 children, respectively); however, fewer urban women than rural women express an unmet need for family planning (9 percent versus 17 percent). These statistics suggest that urban women are more

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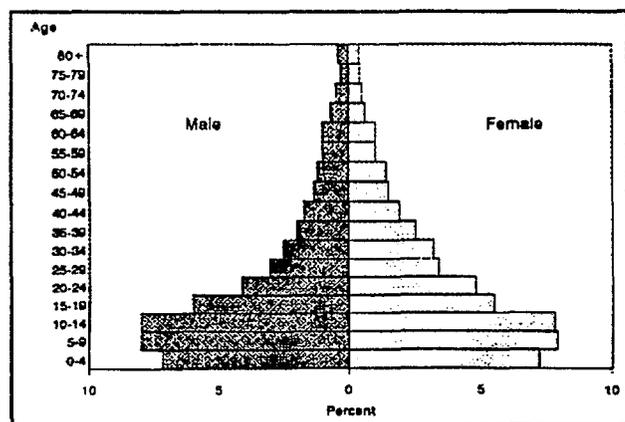
<sup>1</sup> As this results review document is being submitted, so too is an amended results framework for this SO, the key feature of which is a merger of our family planning activities and HIV/AIDS target of opportunity into a unified strategic objective. Both documents are to be reviewed more or less simultaneously by USAID/W in March 1996. Given that the proposed merger represents a fairly major revision of our CPSP--and that further changes are likely to emerge from the review--we have opted to present these activities using the "old" structure. We have, however, substituted "intermediate result" for the old term "program outcome" in the document where appropriate.

<sup>2</sup> This is slightly lower than the TFR of 4.4 estimated in the preliminary DHS report, and mentioned in last year's API.

empowered to realize reproductive choice than their rural peers. Education appears to explain this difference to a large extent. Some 43 percent of urban women have completed secondary school versus only 16 percent of rural women. In Zimbabwe overall, women who have completed secondary school are more than twice as likely to use contraception than uneducated women, and 40 percent more likely than women who have only completed primary school. In sum, widespread access to contraceptives has enabled women to exercise reproductive choice, but environmental and socio-economic factors also play an important role. Addressing the unmet needs of the 17 percent of rural, less-educated women will pose a major challenge in coming years.

In contrast to the outstanding progress in fertility reduction, little headway has been made toward increasing the sustainability of public sector programs. The effort to increase financial self-reliance has been compromised by the overall economic situation of the country. The proportion of government spending allocated to public health decreased from 6 percent in 1990, to about 4.3 percent in 1995. Funding for the Ministry of Health (MOH) has declined in real per capita terms by an estimated 40 percent since 1990. The ZNFPC budget fell from 2.1 percent of the MOH budget to 1.8 percent in 1995. Increased cost recovery has proved unfeasible. Two years ago, the MOH implemented a policy of providing free health services in rural areas to protect the poor from the impact of declining per capita income. As almost 70 percent of the population is rural, this policy has frustrated the effort to increase cost recovery levels. Proposed health financing reforms may enable the MOH to implement a realistic cost recovery scheme. Until such reforms are enacted, however, cost recovery is an unrealistic goal at best. Moreover, until disposable incomes rises, cost recovery may be a counterproductive goal under a program that has such important social externalities. On a more positive note, the private sector is steadily increasing its role in the provision and financing of family planning activities. Planned project activities over the next two years will accelerate this evolution, relieving some of the financing burden from the MOH.

The family planning program has contributed to the overall strategic objective of sustainable, broad based economic growth in several ways. Demographic data do not yet show an impact on the population growth rate, which depends on migration and mortality as well as fertility. However, dependency ratios have been decreasing, and the median population age increasing, over the past decade due to declining fertility. As can be seen readily in this population pyramid, there are now fewer children under 5 than between the 5 and 9 years of age as a result of falling birth rates.



Economic growth is also affected by a nation's overall health, and progress in family planning has definitely contributed to decreased child mortality. The 1994 DHS found a marked relationship between the length of the preceding birth interval and risk of early childhood mortality. Children born less than two years after a preceding sibling are more than twice as likely to die in infancy as those born two to three years after a preceding sibling. This finding helps explain why Zimbabwe's under-5 mortality is one of the lowest in sub-Saharan Africa, and also points to the potential for further mortality reduction that may result from continued successful efforts to promote birth spacing.

### **Gender Implications**

Family planning has numerous gender implications. The primary beneficiaries are the estimated 800,000 women who use contraceptives. However, the impact of contraceptive use on women's lives is not well documented. The design of future programs and policies would benefit from a deeper understanding of immediate and long-term consequences of reproductive health programs on women. To this end, USAID/Zimbabwe is supporting social and behavioral science research conducted by the University of Zimbabwe. Specific topics to be studied include the impact of family planning on the pursuit of academic and vocational goals among women; on women's quality of life; and participation in development process.

### **Intermediate Result 3.1:      Increased Contraceptive Use**

**Indicators:**      Contraceptive prevalence rate (CPR), all methods  
                          Contraceptive prevalence rate (CPR), modern methods  
                          Couple years protection (CYP), annual use of all modern methods

### **Continued Relevance of Impact Indicators:**

The relevance of contraceptive availability and use to long term reductions in fertility is straightforward and requires no explanation.

### **Quantitative and Qualitative Assessment of USAID Impact**

There has been excellent progress under this intermediate result. The DHS reported that between 1988 and 1994 the CPR for all methods had increased from 42 percent of married women of reproductive age (MWRA) to 48 percent. The modern method CPR increased by 16 percent, from 36 percent of MWRA in 1988 to 42 percent in 1994. Modern method use is increasing more quickly than overall use because

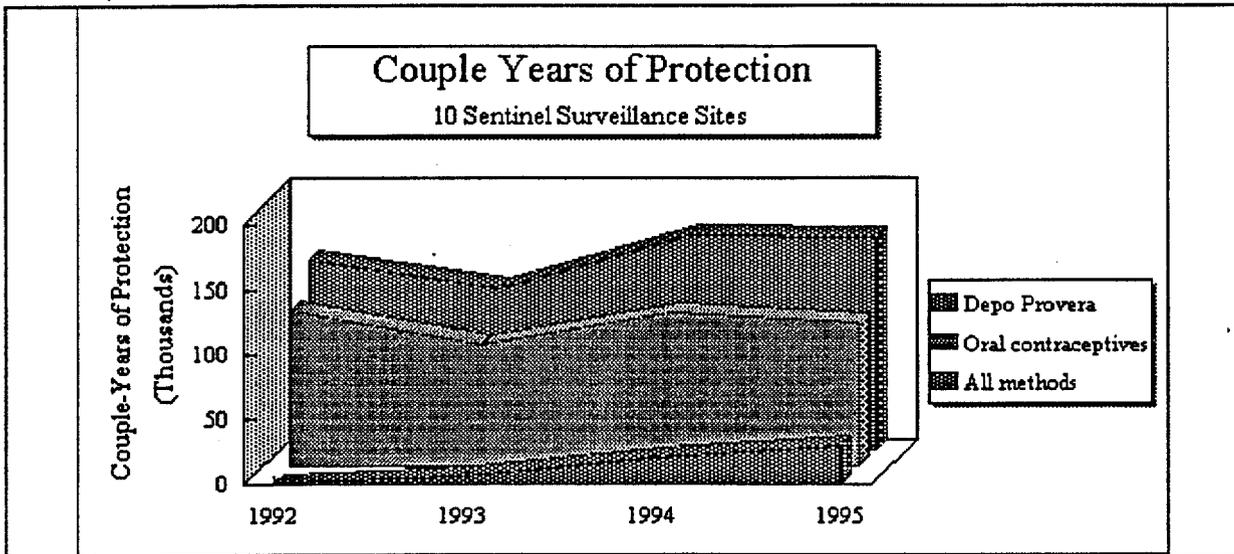
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*Between 1988 and 1994 the CPR for all methods had increased from 42 percent of married women of reproductive age to 48 percent.*

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fewer women are using traditional methods. The CPR for all women, married and unmarried between 15 and 49 years of age is 35 percent; for all sexually active women it is 54 percent.

DHS data gathering exercises are conducted every four to six years and thus cannot detect short-term trends. To measure program impact annually, the ZNFPC and USAID collect couple-years-of-protection (CYP) data from ten sentinel surveillance districts through the family planning project's monitoring and evaluation system (FPPMES). FPPMES findings do not directly correspond with the population-based DHS findings because (a) the FPPMES is based on clinic statistics rather than client interviews; (b) FPPMES excludes the private sector; and (c) extrapolation to national level requires numerous assumptions that weaken the reliability of the data. Nonetheless, the survey is very useful in that it provides longitudinal data reflecting national trends in contraceptive use. USAID and the ZNFPC have now gathered these data for three years and so increasingly are able to understand trends in contraceptive use.



The chart above depicts CYP trends from 1992 to 1995 at the ten sentinel districts for all methods,<sup>1</sup> for oral contraceptives and for injectables. Between 1992 and 1993, CYP for all methods fell by 15 percent. However between 1993 and 1994 it rose by 32 percent, more than offsetting the previous year's fall. The CYP remained fairly stable between 1994 and 1995. A decline in CYP for oral contraceptives (the dominant method) due to a four-fold price increase in 1993 caused the overall decline. The trend was reversed by an MOH

<sup>1</sup> Methods offered include orals, injectable contraceptives, IUDs, sterilization, and Norplant in Harare and Bulawayo only. Condoms are excluded from the FPPMES analysis because many service providers do not keep track of condoms issued.

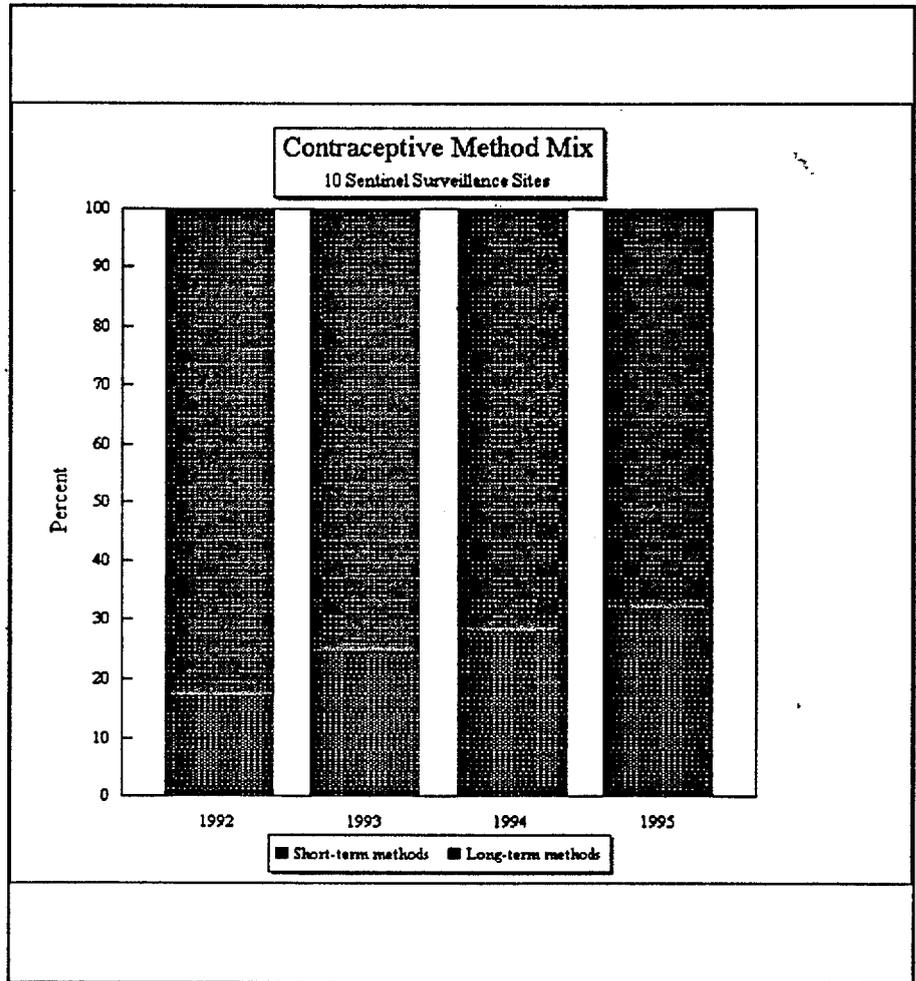
policy decision to exempt virtually all rural residents from payment for contraceptives and other primary care services in 1994.

USAID has provided a variety of inputs in the last two years that contributed to the long-term increase in contraceptive use noted above. Technical assistance, funded through buy-ins and OYB transfers to central cooperating agencies, has helped the ZNFPC and MOH improve the training curriculum, plan research, evaluate program impact, train providers, and conduct IEC campaigns. Under the bilateral project, USAID has directly supported local costs for a variety of activities ranging from radio and TV spots to workshops for decision makers. A number of participants have attended management and technical courses in the United States. In addition, USAID has supplied both oral contraceptives and Depo Provera to the Government of Zimbabwe.

One particularly important accomplishment was removal of medical barriers (i.e., restrictions on family planning services that have no medical justification, such as parity requirements, age restrictions, and spousal consent) from service delivery guidelines. In the coming year, providers throughout the country will be oriented to use the revised protocols.

**Projected Impact for FY 1996-97**

The targets for this outcome are an overall CPR of 50 percent by 1998 and a modern method CPR of 48 percent. To achieve these targets USAID will continue to support the ZNFPC's strategy of diversifying the method mix through training, IEC, and research. In addition, more emphasis will be given to adolescent reproductive health in the next two years. In



close collaboration with the Rockefeller foundation and the German technical assistance agency GTZ, USAID is supporting revision of a youth counselling curriculum and preparing for a national campaign to increase the number of youth seeking reproductive health information and services.

As noted previously, SO3 is currently under revision. A new activity will integrate STD/AIDS prevention and family planning at the district level. The new effort will complement rather than replace the on-going core family planning program. We expect that these efforts will have a synergistic impact in reducing fertility to 4.0 children per woman and increasing the CPR to 48 percent by 1998.

**Intermediate Result 3.2: Better Contraceptive Use**

**Indicators:** Use of longer-acting methods as a percentage of total modern methods, CPR  
Couple years of protection (CYP), Annual use of longer acting methods

**Continued Relevance of Impact Indicators**

Most family planning practioners consider the use of longer-acting methods more effective in the long run and therefore "better" than other, short-term methods.

**Quantitative and Qualitative Assessment of USAID Impact**

Good progress is being made towards achievement of this program outcome. Between 1988 and 1994, the DHS reported that the percentage of modern methods attributable to longer acting methods had increased from 10 percent to 16 percent for MWRA. Use of the dominant method, pills, declined from 83 percent to 78 percent for MWRA, and from 86 percent to 65 percent for all women. Although not an indicator *per se*, increased use of condoms for family planning is an important outcome as condoms also protect against STD/HIV transmission. The DHS found that sexually active unmarried women use condoms to a much greater extent than married women (14 versus 2 percent) suggesting that the intention involves more than pregnancy prevention. Unfortunately, the DHS was unable to capture data on use of double use, that is use of condoms in combination with other contraceptives.

The FPPMES data show that in the 10 sentinel districts, the proportion of contraceptive use attributable to longer acting methods has increased from 17 percent in 1992 to 32 percent in 1995.<sup>1</sup> Pills accounted for 68 percent of CYP in 1995, down from 83 percent in 1992.

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<sup>1</sup> Condoms are excluded from this analysis. They are distributed freely in the national program and many providers do not keep track of "handouts." Condom distribution is analyzed in the annual contraceptive forecasting estimation.

At the FPPMES sites, method diversification is entirely due to the re-introduction of the injectable contraceptive, Depo Provera. Introduced in 1993, Depo use increased by 4-fold in 1994, and another 30 percent in 1995. Oral contraceptive use declined by 6 percent between 1992 and 1995 as women switched to injectables.

### **Projected Impact, FY 1996-97**

The target for this intermediate result is to have 17 percent of modern methods attributed to longer-acting methods by 1998. To this end USAID is supporting a number of activities. For example, USAID is now integrating STD management into the IUD curriculum, chiefly in response to the AIDS epidemic. On-the-job training is being introduced to increase the cost effectiveness of training. In addition, campaigns to increase male involvement in and support for use of longer-acting family planning methods will be conducted at the district levels.

### **Intermediate Result 3.3: Increased Private Sector Support for Family Planning**

**Indicators:** Percent of contraceptives supplied by the private sector

### **Continued Relevance of Impact Indicators**

The proportion of contraceptives supplied by the private sector serves as a good proxy for private sector involvement in the family planning sector overall. One indicator that measures number of practitioners trained has been dropped, however, as a recent needs assessment revealed that training was not the most important component of a private sector sub-project.

### **Quantitative and Qualitative Assessment of USAID Impact**

There has been good progress under this intermediate result . The private sector's role in service provision has increased considerably since 1988, when it supplied only 4.5 percent of contraceptives. By 1994, it supplied 14 percent.<sup>1</sup> These findings were corroborated by a study conducted to establish baseline indicators for a new private sector sub-project. The study reported that over 200 businesses and companies have on-site clinics, of which most if not all provide condoms and oral contraceptives. Moreover, all 24 health insurance companies reimburse beneficiaries for family planning, covering approximately 730,000 beneficiaries.

The private sector has been stimulated both by programmatic efforts and by environmental changes. USAID initiated private sector activities under the "Enterprise" and "TIPPS"

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<sup>1</sup> The private medical sector provided 12 percent; with shops and other sites supplying another 2 percent.

projects in the 1980s. The effects of training and cost-benefit analysis conducted under the projects have outlasted the projects themselves. In addition, with USAID support, the ZNFPC has continued to train private sector practitioners in longer acting methods. On the environmental side, a recent study funded by USAID concluded that increasingly individuals are turning to the private sector as public sector resources decline.

#### **Projected Impact, FY 1996-97**

Our target is to have at least 17 percent of contraceptives being supplied by the private sector by 1998, which appears realistic given ongoing trends and planned activities. Activities planned for the next 18 months include updates for physicians and practitioners, awareness campaigns to alert consumers that medical aid societies include family planning coverage, and regulation review.

**Target of Opportunity: Decreased HIV High Risk Behavior by Selected Occupational Groups**

Based on data collected at sentinel surveillance sites scattered throughout the country it appears that there are about one million HIV-infected Zimbabweans out of a population of about 11 million. Ministry of Health surveillance reports show that HIV incidence is still increasing with no signs that the epidemic is beginning either to plateau or decline. Zimbabwe has one of the higher HIV prevalence rates in the region at this stage, mainly due to the fact that it was exposed to the epidemic earlier than were other regions. Ministry of Health sentinel surveillance studies from 1993 showed a seroprevalence rate of 25 percent among urban antenatal patients. Among rural antenatal patients the rate was 17 percent. The epidemiology unit of the Ministry of Health recently acknowledged that in some selected urban settings 38-40 percent of antenatal clients are HIV positive.

A recent study conducted by the University of Zimbabwe Medical School measured trends in HIV prevalence and risk factors in pregnant women, an important indicator of the extent of the problem in the sexually active low risk categorized population. The study found a 30 percent prevalence rate in a sample of 1,168 pregnant women in Harare (see table on following page).

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*There are an estimated one million HIV infected people in Zimbabwe out of a population of about 11 million.*

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HIV Prevalence in Pregnant Women in Harare	
Age	Percent HIV Positive
14-19	7.9
20-24	35.1
25-29	33.1
30-34	16.4
35 plus	7.4

These data suggests that significantly more than one in four sexually active adults in urban areas and more than one in five in rural areas are HIV positive. Despite such high infection rates, only 50,000 people have been confirmed as having AIDS, though this is believed to be a gross under-estimation. The greatest proportion of confirmed cases are in the 0-5 year age group (through mother to child transmission) and the 15-49 year age group (mainly through heterosexual contact). AIDS cases by age group and year for 1994 are presented in the table on the following page.

AIDS Cases by Age Group and Year							
Cohort	1988	1989	1990	1991	1992	1993	1994
0-4	15	295	882	716	1,086	1,075	1,554
5-14	0	3	26	31	60	85	136
15-19	10	40	107	99	182	162	173
20-29	78	439	1,283	1,339	2,270	2,622	2,969
30-39	56	365	1,174	1,260	2,492	2,998	3,139
40-49	19	100	414	527	1,024	1,230	1,544
50-59	2	28	199	202	396	464	538
60+	0	0	35	65	144	187	207
Unspecified	22	41	242	318	526	351	390
Total	202	1,311	4,362	4,557	8,180	9,174	10,650

The total number of cumulative reported AIDS cases in September 1995 was 48,882 but it is commonly accepted that these figures under-represent the actual size of the epidemic as not all AIDS cases are diagnosed. Related to the HIV/AIDS epidemic is the increase of other diseases. This increase will obviously further increase the burden on the already failing health system. Zimbabwe still appears to be on an upward trend of the HIV epidemic, with no sign that the spread of the disease is beginning to level off. The overall gender ratio is about even but women are getting infected at a younger age than men (15-24 years in women versus mid-30s for men on average).

The spread of AIDS in Zimbabwe and southern Africa has followed the same pattern observed elsewhere. Initially the disease spreads along the major transport routes and large urban centers and from there gradually spreads further to the general population. The spread is facilitated by the mobility of the population, conditions of poverty, rising unemployment, and natural disasters. Sentinel surveillance data indicate that urban centers, cities, and growth points show higher HIV incidence rates. Industrial sectors that recruit predominantly workers of one sex and provide housing in isolated communities, such as mining, army and police camps and agriculture also tend to show higher infection rates, the contained living in conditions and often seasonal or migrant employment patterns tending to promote higher risk sexual behavior. Other sectors with a higher HIV incidence are characterized by work-related mobility, such as the transport industry.

## Quantitative and Qualitative Assessment of USAID Impact

During FY 1995 the National AIDS Coordination Control Policy Unit was established with USAID assistance. A policy advisor was employed to help address the current HIV/AIDS policy vacuum and to promote awareness campaigns.

USAID funds are channelled through AIDSCAP to a number of workplace groups, including the National Employment Council for the Transport Operating Industry (NECTOI); the Commercial Farmers Union (CFU); the National Railways of Zimbabwe (NRZ); the Zimbabwe National Army and the Air Force of Zimbabwe through a local NGO called "CONNECT;" and two private firms, Triangle Ltd. and Delta Corporation.

With NECTOI a peer education program was established in 15 sites along the main highways of the country. Drama performances were held and radio programs aired in which target attendance of 30,000 was exceeded by 20,000 people. During 1995 USAID helped CFU hold 18 one-day refresher courses for 206 selected peer educators. Over a half a million male and female on-farm workers were reached. By September 1995 some two million condoms had been distributed through CFU with USAID assistance.

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Baseline studies involving CFU and NECTOI employees were carried out in FY 1995, with the following findings:

- The proportion of people reporting condom use during the most recent act of sexual intercourse was 29 percent for men and 22 percent for women.
- About 57 percent of men who reported episodes of STDs also reported having sought medical treatment.
- About 73 percent were able to cite acceptable ways of protection against HIV.
- The percentage of targeted men reporting appropriate perception of risk of HIV was 33 percent.
- About 81 percent of the target group was able to name of source of condoms from information gathered during the baseline study.

Baseline studies for the Armed Force of Zimbabwe are presently being carried out, and baseline studies for the National Railways of Zimbabwe (agreement signed in November 1995) and Triangle Ltd. (agreement signed in December 1995) are planned for this year. Unlike the other agreements, which are aimed at employees and their families, Delta Corporation is targeting its own corporate executives and general managers. (The company will use its own funds to train workers and their families.)

During FY 1995 USAID also worked with the Herald, Harare's principal daily newspaper, to assist with the dissemination of HIV/AIDS awareness messages including materials produced by the Centers for Disease Control in Atlanta, The Ministry of Health, the Government of Uganda, and the U.S. Information Service in Harare. This effort has yielded a weekly column with questions and answers on HIV/AIDS, most of which is taken from a draft booklet published by the Ministry of Health and Child Welfare's National AIDS Coordination Program in association with UNICEF.

Under our grant to UNICEF we helped teachers and students from 27 tertiary education institutions with HIV/AIDS information dissemination and training. Considerable equipment was purchased for the reproduction of their own educational materials. Booklets, training manuals, and training for these 27 college lecturers has been completed. A knowledge, attitudes and practices baseline study was carried out amongst students and teachers which led to focus group discussions. Workshops were held with the Ministry of Agriculture who adopted the AIDS Education syllabus developed by the Ministry of Higher Education in 1994. Facilitator guidebooks were developed as well as newsletters for all the students in the various situations. Peer education training has proved a great success in breaking down former taboos surrounding discussions on sex matters amongst both teachers and students.

### **Elevation of HIV/AIDS to Strategic Objective Level**

Given the enormity of the HIV/AIDS crisis and the increasing level of USAID resources devoted to it, we are currently broadening our awareness and prevention efforts and merging them with our family planning program to capitalize on economies of scale and possible synergies. To complement public sector efforts, assistance will be given to NGO's, churches, women's groups, and community organizations.

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Expanded behavior change communications interventions in STD/HIV/AIDS will target occupational groups to ensure that the specific educational needs of women and young adults are being addressed adequately and that the quality of media coverage is expanded. These efforts will be designed to complement the current strategy, which is implemented primarily in an occupational setting and aimed at reducing high risk behavior by men. Young adults--

particularly young women--have become a high-risk community with respect to HIV infection. A gender analysis will measure our effectiveness reaching women and young adults. Counseling, peer education, and the development of prevention messages for this group is imperative to the achievement of long-term, sustainable reductions in HIV and STD transmission.

Several activities will address young adult reproductive health over the next two years, including the piloting of integrated family planning-HIV/STD counselling and education for young adults, research on young adult attitudes, and practices in reproductive health education in school settings. Evaluation of results over the next two years will allow for development of a strategy to engage young adults more effectively in the future.

To improve coverage of the HIV/AIDS problem, an NGO initiative will focus on issues of stigmatization, sensitizing the public to the vulnerability of young adults and women and promoting volunteerism to address the growing needs of HIV infected individuals and orphans in the community. Indicators measuring progress against these goals will include the percentage of the population reporting appropriate perception of risk of HIV infection, percent of sexually active young adults reporting condom use, and percent of the population reporting non-regular sexual partners. Additional assistance will be provided to the Government of Zimbabwe's Department of Epidemiology for HIV/AIDS sentinel surveillance. This will provide a basis for estimating the extent of HIV infection in the country and for tracking trends nationally. Data will be drawn from specific sites with longitudinal consistency.

USAID/Zimbabwe Results Reporting Worksheet FY 1995									
Indicators	1992	1993	1994	1995	1996	1997	1998	1999	2000
<b>Program Goal: Participatory and Equitable Economic Growth</b>									
a. GDP per capita (Z\$)		424	431	438	450				
b. GDP annual growth rate (%)		4	4.5	4.5	5.5				
c. Value of merchandise exports relative to GDP (%)		40	42.6	44.5	47				
d. Gini coefficient <sup>1</sup>									
<b>Program Sub-Goal: Enabling Environment Conducive to Investment</b>									
a. Private investment relative to GDP (%)		18.8	17.8	18.5	19.5				
b. Private domestic investment (\$ millions)		1,109	1,121	1,247	1,409				
c. Net direct foreign investment (\$ millions)		5	38	44	57				
d. Spread between bank lending and deposit rate (%)		4.5	11	7	5				
e. Money supply (%)		34.8	38.7	42	45				

<sup>1</sup> Partial gini coefficient data are available for Zimbabwe but do not break out income distribution by race. Since the primary thrust of this S.O. is to broaden economic participation and investment by the indigenous black majority, these data are of no particular value. As race-disaggregated gini coefficient data are not likely to become available in the near future, this indicator is dropped effective with this R2 submission.

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USAID/Zimbabwe Results Reporting Worksheet FY 1995									
Indicators	1992	1993	1994	1995	1996	1997	1998	1999	2000
<b>SOI - Increased Household Food Security in Communal Areas of Natural Regions IV and V</b>									
a. Average household foodgrain availability (kg)		884.03	1076	1100	1200				
b. Own production retained for household consumption (kg)		533.36	507	535	540				
c. Estimated actual foodgrain/meal purchases (kg)		319.14	459	450	475				
<b>R.P. 1.1: Increased production and productivity of sorghum and millet by farm households in communal areas of NRs IV and V</b>									
a. Total hectares of sorghum and pearl millet planted (ha)		265,050	380,000	301,000	319,000				
b. Total production of sorghum and pearl millet (tons)		110,925	154,655	158,000	177,000				
c. Area planted to improved varieties of sorghum and pearl millet (ha)		13,000	90,400	34,000	45,000				
d. Yield per hectare for sorghum and pearl millet (kg/ha)		850	850	1,060	1,120				
e. Production cost per unit for sorghum and pearl millet (Z\$/ton)		TBD	Unavail able	TBD	TBD				
<b>R.P. 1.2: Increased average household benefits generated by community-based natural resources management activities in Natural Regions IV and V</b>									
Net household benefit from natural resource management activity(Z\$)		95	93	243	250				

USAID/Zimbabwe Results Reporting Worksheet FY 1995									
Indicators	1992	1993	1994	1995	1996	1997	1998	1999	2000
<b>R.P. 1.2: Increased average household benefits generated by community-based natural resources management activities in Natural Regions Iv and V</b>									
a. Retail market price of maize in selected markets	18.27	18.65	16.00	16.00					
b. Retail market price of straight-run maize meal in selected markets	20.77	20.65	21.00	21.00					
c. Retail price of roller meal in selected markets	18.41	26.26	25.00	25.00					
d. Volume of grain marketed through private vs. public channels	67	62	60	50					
<b>SO2 - Broadened Ownership and Investment at all Levels of the Zimbabwean Economy</b>									
<b>R.P. 2.1: Broadened Low-Income Home Ownership</b>									
a. Number of low-income housing units built annually per 1,000 population	0.6	xx	0.5	4.3					1.3/ 1000
b. Number of low-cost stands built annually per 1,000 population	2.94	1.77	0.49	5.56					5.0/ 1000

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USAID/Zimbabwe Results Reporting Worksheet FY 1995									
Indicators	1992	1993	1994	1995	1996	1997	1998	1999	2000
<b>R.P. 2.1.1: Increased access by low-income households to mortgage financing</b>									
a. Number of low-income mortgages granted annually	1,220			7,329					10,000
b. Percentage of total mortgage loans going to low-income households	xx		11.23	17.94					50
c. Cumulative value and number of low-income mortgage issued through PSHP	\$0 \$0	\$0 \$0	\$0 \$0	\$16.5 M 7,239					\$47.5 43,200
d. Number of low-income female-headed households obtaining mortgage loans									2,160
<b>R.P. 2.1.2: Increased affordability of low-cost housing</b>									
a. Percentage of households that can afford the minimum standard housing unit	23%			70%	70%	70%	70%	70%	70%
b. Median construction cost (excluding profit) of minimum standard house (in 1992 Z\$)	20,944		14,451	7,565					18,850
c. Median cost of a low-cost stand (in 1992 Z\$)	7,137			3,063					3,783
d. Price/income ratio (minimum house cost vs. annual urban median income)	2.7	3.1	2.2	1.75					1.9
<b>R.P. 2.1.2: Increased affordability of low-cost housing</b>									
See individual RPs below									

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USAID/Zimbabwe Results Reporting Worksheet FY 1995									
Indicators	1992	1993	1994	1995	1996	1997	1998	1999	2000
<b>R.P. 2.2.1: Created or expanded employee stock ownership plans (ESOPs) in established large private companies</b>									
a. Cumulative number of large companies having significant (>5 percent)			10	10	15	30	50	70	85
b. Passive employee share ownership via ESOPs.			10	10	15	30	30	70	85
<b>R.P. 2.2.2: Expanded ownership in established small and medium-sized private companies through management/employee buyouts (MBO/EBOs)</b>									
Cumulative number of small and medium enterprises (SMEs) that are significantly (50-100%) owned and controlled by managers and employees			10	10	15	20	25	30	35
<b>R.P. 2.2.3: Partial privatization of parastatal corporations via sale of shares or other assets to management and/or employees</b>									
Cumulative number of parastatals that have completed one or more ESOPs, MBO/EBOs, or spin-offs of company operations				1	3	7	8	9	10
<b>R.P. 2.3: Accelerated creation and expansion of sustainable micro, small and medium-sized enterprises (MSMEs)</b>									
Percentage, by value, of total loans by commercial banks going to MSMEs (provisional)		0%	0%	<5%	6%	7%	8%	9%	10%

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USAID/Zimbabwe Results Reporting Worksheet FY 1995									
Indicators	1992	1993	1994	1995	1996	1997	1998	1999	2000
<b>R.P. 2.3.1: Establishment or expansion of SMEs via subcontracting, franchising and other means</b>									
a. Cumulative number of SMEs with new, sustained business operations through subcontracting relationships with large firms (via CZI cooperative agreement)				0	25	50	100	100	100
b. Cumulative number of SMEs in new, sustained franchising businesses (via ZNCC-FAZ cooperative agreement)				0	25	50	100	100	100
<b>R.P. 2.3.2: Increased MSME access to debt and equity capital</b>									
a. Number and value of USAID 50%-guaranteed loans to SMEs by Barclays Bank and Stanbic Bank (No/US\$ millions)	N/A	N/A	N/A	47 0.2	150 0.9	350 2.4	400 3.2	500 4.0	600 5.0
b. Number and value of loans to MEs via operations of Zambuko Trust and Phakama Savings and Credit Society (No/US\$ millions)	0 0	0 0	0 0	3000 0.9	4000 1.2	5000 1.5	6000 1.8	7000 2.1	8000 2.4
c. Cumulative number and value of equity investments in SMEs by Southern Africa Enterprise Development Fund (SAEDF) (No/US\$ millions)	N/A	N/A	N/A	N/A	5 0.5	20 2.5	40 5.0	60 7.5	80 10

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USAID/Zimbabwe Results Reporting Worksheet FY 1995									
Indicators	1992	1993	1994	1995	1996	1997	1998	1999	2000
<b>R.P. 2.3.3: Development of a sustainable market in SME training services</b>									
a. Cumulative number of companies supplying competency based training (CBT) to SMEs			0	3	5	7	7	7	7
b. Cumulative number of industry and trade associations demanding/ facilitating provision of CBT-based training for their SME member enterprises			0	5	10	15	15	15	15
c. Cumulative number of SME client companies paying full cost of market-priced CBT-based training annually			0	30	300	500	500	500	500
<b>R.P. 2.4: Broadened Participation in Horticulture Industry</b>									
a. Proportion of vegetable export production sourced from small and medium sized producers				<5%	5%	10%	15%	20%	25%
<b>R.P. 2.4.1: Increased number of SME commercial farms engaged in production of fresh and processed vegetables for export</b>									
Cumulative number of SME commercial vegetable farms engaged in outgrower or equivalent production contracts with large firms									
<b>R.P. 2.4.2: Increased number of new entrants in vegetable export busines</b>									
Cumulative number of SME firms which become newly established as exporters of vegetable products									

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USAID/Zimbabwe Results Reporting Worksheet FY 1995									
Indicators	1992	1993	1994	1995	1996	1997	1998	1999	2000
<b>R.P. 2.4.2: Increased number of new entrants in vegetable export busines</b>									
a. Prevailing real interest rate (Provisional)									
b. Average annual real interest rate (nominal rate minus inflation rate)									
<b>R.P. 2.5.1: Increased number of formally registered businesses and legally egistered land title deeds</b>									
a. Cumulative number of companies registred annually under the 1993 private business corporations act									
b. Number of land titles/deeds registered annually									
<b>SO3 - Reduced Fertility</b>									
a. National total fertility rate		N/A	4.3	4.0	TBD				
b. Rural total fertility rate		N/A	Unavail able	TBD	TBD				

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