REGIONAL DEVELOPMENT STRATEGY STATEMENT

FY 1991

SOUTHERN AFRICA

VOLUME 1

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INITIALS

APPR: ELS ____

DRAFT: EBS ____

OTHER: JRW ____

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OTHER: JG ____

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AID/AFR/DP/PPE:EBSIMMONS:EBS 64356
04/05/89 73335
AID/DAA/AFR:ELSAIERS

AID/AAA/AFR/DP:JRWESTLEY
AID/AFR/SA:FFISCHER {DRAFT}
AID/AFR/DP/PAR:JWOLGIN {DRAFT}
AID/AFR/PD/SAP:CROZELL {DRAFT}
AID/AFR/DP:JGOVAN
AID/AFR/TR:BKLINE {DRAFT}
AID/AFR/PD:TBORK {INFO}
AID/PPC/PB:RMAUSHAMMER {DRAFT}

ROUTINE HARARE, DAR ES SALAAM, MAPUTO, NAIROBI, MBABANE, MASERU, GABORONE, LILONGWE, LUSAKA
ROUTINE PRETORIA

AIDAC

E.O. 12356: N/A

TAGS:

SUBJECT: EXECUTIVE COMMITTEE REVIEW OF THE SOUTHERN AFRICA REGIONAL PROGRAM REGIONAL DEVELOPMENT STRATEGY STATEMENT {RDSS}, FEBRUARY 24, 1989

REF: RDSS

1. SUMMARY. THE EXECUTIVE COMMITTEE {EC} REVIEW OF THE SOUTHERN AFRICA REGIONAL PROGRAM {SARP} DEVELOPMENT STRATEGY {THE RDSS} WAS HELD ON FEBRUARY 24, 1989, CHAIRED BY DAA/AFR, E.L. SAIERS AND ATTENDED BY REPRESENTATIVES FROM THE DESK, AFR/PD, AFR/TR, AFR/DP, PPC, AND STATE. DIRECTOR HERRICK OF USAID/ZIMBABWE PRESENTED THE PROGRAM PROPOSAL, THE TRACK RECORD, THE THINKING BEHIND IT, AND THE RATIONALE FOR THE SECTORAL CHOICES MADE. FOUR ISSUES WERE DISCUSSED: THE EFFICIENCY OF THE REGIONAL APPROACH AS PRESENTLY CONCEIVED AND MANAGED; THE SELECTION OF THE SPECIFIC STRATEGIC SECTORS, PARTICULARLY THAT OF TRADE AND ENTREPRENEURSHIP; THE CHOICE OF AREAS FOR FOCUS WITHIN SECTORS; AND THE RESOURCES NEEDED TO IMPLEMENT AND MONITOR THE STRATEGY. KEY POINTS ON EACH ISSUE ARE RECAPPED BELOW. THE RDSS WAS APPROVED WITH THE

FOLLOWING GENERAL OBSERVATIONS: {A} ACTIVITIES TO BE FINANCED WITHIN THE APPROVED STRATEGIC OBJECTIVES MAY WELL BE OF TWO TYPES, THOSE WHICH ARE INHERENTLY REGIONAL {I.E., WITH CROSS-BORDER IMPACTS} IN NATURE AND THOSE WHICH, WHILE IMPLEMENTED IN ONLY ONE COUNTRY, SERVE AS PILOT EFFORTS TO TEST AN APPROACH TO DEALING WITH A REGIONAL PROBLEM {E.G., THE NPA POPULATION SECTOR PROGRAM IN BOTSWANA}. THESE LATTER WOULD CLEARLY FORM PART OF THE SADCC REGIONAL PROGRAM AND REPEAT AND CONTRIBUTE TO THE REGIONAL LEARNING CURVE; {B} THE FUNDING LEVEL OF DOLS. 50 MILLION PER YEAR SHOULD BE USED AS THE PLANNING FIGURE FOR THE REGIONAL PROGRAM, RATHER THAN THE HIGHER ONE USED IN THE RDSS; AND {C} THE SARP SHOULD, IN MOVING TOWARD THE PRESENTATION OF AN ACTION PLAN NEXT YEAR, FOCUS ON DEVELOPING BENCHMARKS FOR MEASURING PROGRESS IN IMPLEMENTING THE REGIONAL STRATEGY. THE REGIONAL MISSION WAS COMPLIMENTED FOR HAVING PRODUCED A READABLE, WELL-REASONED DOCUMENT. END SUMMARY.

2. DIRECTOR HERRICK OPENED THE MEETING WITH A USEFUL OVERVIEW OF WHERE THE REGIONAL PROGRAM HAD BEEN AND WHAT LESSONS HAD BEEN LEARNED SINCE 1982. SHE REFLECTED ON THE GROWING EXPERIENCE OF THE SADCC SECRETARIAT AND COMMITTEES AND THE ROLE THE U.S. CAN PLAY IN SUPPORTING KEY IDEAS, SUCH AS THAT EXPRESSED AT THE LAST CONFERENCE REGARDING THE APPROACH THAT SADCC INTENDS TO TAKE TO ENCOURAGE PRIVATE SECTOR GROWTH. MS. HERRICK ALSO REVIEWED THE ANALYTICAL BASES OF THE SECTORS CHOSEN FOR CONCENTRATION AND NOTED THAT ANALYSES HIGHLIGHTED THE IMPORTANCE OF A CONSTRUCTIVE POLICY CLIMATE, PARTICULARLY IN THE TRADE AREA. THE SADCC SECRETARIAT HAS BEEN CONSULTED AND IS SUPPORTIVE OF THE OVERALL PROGRAM.

3. ISSUE 1. WHETHER THE WAY THE REGIONAL ASSISTANCE PROGRAM IS NOW CONCEIVED AND MANAGED IS THE MOST EFFICIENT AND EFFECTIVE WAY TO QUOTE ACHIEVE BALANCED ECONOMIC GROWTH FOR EACH COUNTRY AND FOR THE REGION AS A WHOLE AND {TO REDUCE} ECONOMIC DEPENDENCE OF SADCC MEMBER COUNTRIES ON SOUTH AFRICA UNQUOTE.

DISCUSSION: THE IMPORTANCE OF THE REGIONAL PROGRAM BUDGET IN THE TOTAL AMOUNT OF A.I.D. FUNDING FOR THE COUNTRIES IN THE REGION WAS DISCUSSED. APPROXIMATELY 40 PERCENT OF THE TOTAL COMES FROM THE SARP APPROPRIATION. DISCUSSION OF THE ISSUE CENTERED ON THE QUESTION OF WHETHER THESE RESOURCES WERE BEING BEST USED BY APPLYING

REGIONAL RATHER THAN NATIONAL CRITERIA FOR ALLOCATION. CONCERN WAS EXPRESSED THAT THE RDSS DOES NOT PROVIDE ENOUGH INFORMATION ON THE RELATIONSHIP BETWEEN REGIONAL AND BILATERAL FUNDING AND PRIORITIES TO MAKE AN INFORMED PROGRAM DECISION ON THAT POINT. IT WAS NOTED, HOWEVER, THAT IT IS ALMOST IMPOSSIBLE TO COME TO AN A PRIORI CONCLUSION AS TO THE CORRECT PROPORTION FOR BILATERAL AND REGIONAL FUNDING. THE PRESENT MIX, WHICH IS DETERMINED BY THE SEPARATE APPROPRIATION FOR THE SADCC PROGRAM, IN COMBINATION WITH BUREAU DECISIONS ON INDIVIDUAL COUNTRY LEVELS, IS PROBABLY BEST. CERTAIN DEVELOPMENT CONCERNS, E.G., DELIVERY OF BASIC HUMAN NEEDS, INTERNAL MARKETING INSTITUTIONS, AND ESPECIALLY, POLICY REFORMS AFFECTING EXPORTS AND ENTREPRENEURSHIP, WERE THOUGHT TO BE BEST ADDRESSED ON A NATIONAL BASIS. WHAT WAS DIFFICULT TO GRASP WAS THE RELATIONSHIP, IF ANY, BETWEEN BILATERAL DEVELOPMENT EFFORTS AND THE REGIONAL PRGROAM. TO WHAT DEGREE SHOULD THERE BE SIMILARITY BETWEEN MISSION LEVEL STRATEGIC OBJECTIVES AND REGIONAL ONES. NEED THEY BE SIMILAR TO ACHIEVE OPTIMUM IMPACT? ESSENTIALLY THE PROCESS OF APPLYING PERFORMANCE-BASED CRITERIA FOR ALLOCATING THE REGIONAL RESOURCES (AS IS IMPLIED WITH THE NOTION OF MISSIONS TAPPING INTO THE REGIONAL RESOURCES WHEN THEY HAVE AN INITIATIVE IN TRADE/ENTREPRENEURSHIP) WAS VIEWED FAVORABLY AS A WAY OF ADDRESSING THIS CONCERN.

CONCLUSIONS: IT IS CLEAR THAT THE PURPOSE OF SADCC AND THE SARP IS THE SUPPORT OF REGIONAL ACTIVITIES. THIS EMPHASIS WILL BE CONTINUED. THEREFORE, WHAT A.I.D. DOES WITH REGIONAL FUNDS HAS TO BE SADCC-ACCEPTABLE, WITH SOME REGIONAL ASPECT, IF ONLY A DEMONSTRATION VALUE. THIS SAID, PRIORITIES FOR INVESTMENT CAN AND SHOULD COME THROUGH THE BILATERAL PROGRAMMING MECHANISM AS WELL AS FROM THE TOP DOWN. IT MAKES SENSE TO PROGRAM WITH AN EYE TO PERFORMANCE-BASED CRITERIA, ESPECIALLY IN LIGHT OF A BUREAU DECISION TO INCLUDE THE SARP ALLOCATION AS PART OF THE FY 90 DEVELOPMENT FUND FOR AFRICA (DFA) REQUEST. HOWEVER, IT IS RECOGNIZED THAT ECONOMIC PERFORMANCE CANNOT BE AN EXCLUSIVE CRITERION, GIVEN THE POLITICAL BASIS OF THE PROGRAM. FINALLY, IT IS UNDERSTOOD THAT THE BILATERAL MISSIONS IN THE REGION HAVE PARTICIPATED IN THE ARTICULATION OF THIS STRATEGY. OPERATIONALLY, IT IS EXPECTED THAT THE SARP AND BILATERAL ACTION PLANS WILL DEMONSTRATE HOW PROGRAMMING DECISIONS FOR REGIONAL AND BILATERAL ACTIVITIES RELATE AND WHY ONE BUDGET MECHANISM HAS BEEN CHOSEN OVER THE OTHER. WE WILL ALSO BE LOOKING TO THE

ANNUAL BUDGET PLANNING EXERCISE FOR BOTH THE SARP AND THE BILATERAL MISSIONS TO SHOW FURTHER THE RELATIONSHIP BETWEEN BILATERAL AND REGIONAL EMPHASES.

4. ISSUE 2. WHETHER THE SELECTION OF THE SPECIFIC STRATEGIC OBJECTIVES IDENTIFIED IN THE RDSS IS SUFFICIENTLY SUPPORTED. THE CHOICE OF FOCUS ON TRADE AND ENTREPRENEURSHIP DEVELOPMENT SEEMS PARTICULARLY WEAK.

DISCUSSION: {A} THE TRANSPORT SECTOR OBJECTIVE WAS AGREED TO BE A CLEARLY APPROPRIATE ONE. THE QUESTION OF HOST COUNTRY ABSORPTIVE CAPACITY WAS RAISED; MS. HERRICK ASSURED THE EC THAT THE BUDGET HAD BEEN BUILT ON THE BASIS OF A SECTOR ASSESSMENT AND FROM THE BOTTOM-UP. THE MISSION WAS MORE THAN SATISFIED THAT THE DEMAND WAS BOTH REAL AND GREATER THAN SARP RESOURCES. {B} ALLEVIATING CONSTRAINTS TO INCREASED TRADE AND DEVELOPING ENTREPRENEURSHIP ON A REGIONAL BASIS WAS RECOGNIZED AS DIFFICULT. HOWEVER, POTENTIAL TECHNICAL ASSISTANCE APPROACHES WERE OUTLINED, INCLUDING ASSISTANCE TO POTENTIAL EXPORTERS WHO HAVE NOT FOUND THEIR LINKS TO MARKETS AND FINANCING, CROSS COUNTRY ANALYSIS OF THE POTENTIAL BENEFITS AND DRAWBACKS TO DRY PORTS, AND CROSS-FERTILIZATION AMONG CHAMBERS OF INDUSTRY AND OTHER PRIVATE ORGANIZATIONS. AT THE SAME TIME, THE EC RECOGNIZED THAT THE MISSION INTENDS TO COMBINES ITS TA APPROACH WITH BILATERALLY-DRIVEN POLICY EFFORTS. THIS WAS HEARTILY ENDORSED. {C} WHY NOT MORE WORK IN THE ENERGY SECTOR? THE PROCESS THE MISSIONS OF THE REGION HAD FOLLOWED TO REVIEW THE APPROPRIATENESS OF U.S. ASSISTANCE TO EACH SADCC SECTOR WAS DISCUSSED AND APPROVED. IN ENERGY, THOUGH THERE IS NEED FOR SOME HELP, THE MEMBER COUNTRIES ARE STILL VERY NATIONALISTIC IN THEIR APPROACH, AND ARE NOT READY TO PLAN COORDINATED EXPLOITATION OF THE REGION'S AMPLE RESOURCES. {D} THE FOCUS ON FOOD SECURITY AS A REGIONAL PROBLEM WAS QUESTIONED. WHILE THE DESIGNATION OF FOOD SECURITY AS AN EMPHASIS IS CONSISTENT WITH SADCC'S POLICY APPROACH, A.I.D.'S EMPHASIS MIGHT BETTER BE DESCRIBED AS AGRICULTURAL DEVELOPMENT AND SUSTAINABLE RESOURCE USE. IT WAS NOTED BY DP/PAR THAT WHILE THERE MIGHT BE SOME LOGICAL INCONSISTENCY WITH THE MISSION'S APPROACH, IT WARRANTED NEITHER FURTHER DISCUSSION OR DOCUMENT REVISION.

CONCLUSION: THE SECTORS OF CONCENTRATION SELECTED ARE APPROPRIATE AND WERE APPROVED BY THE EC. THE MISSION

WAS CAUTIONED TO ENSURE THAT THE LEVEL OF DOLLAR RESOURCES DIRECTED TO TRADE AND ENTREPRENEURSHIP OBJECTIVES IS APPROPRIATE TO THE REAL LEVEL OF IMPACT ANTICIPATED FROM THE INVESTMENT.

5. ISSUE 3. WHETHER THE CHOICE OF AREAS FOR FOCUS WITHIN SECTORS IS APPROPRIATE.

DISCUSSION: (A) TRANSPORT. THE RDSS RAISED THE ISSUE WHETHER THE MISSION WAS COMMITTED TO HARDWARE FIRST, AND MANAGEMENT AND POLICIES ONLY SECONDARILY. THE DIRECTOR DECLARED THAT IT IS MISSION INTENT TO CONCENTRATE ON MANAGEMENT AND OPERATIONS, FINANCIAL ISSUES AND POLICY BEFORE HARDWARE. THE EC FULLY SUPPORTS THIS PRIORITIZATION AND WILL LOOK TO SEE IT CARRIED THROUGH IN PLANNING AND DESIGN DOCUMENTATION. (B) AGRICULTURAL RESEARCH. CONCERN WITH THE WAY IN WHICH AGRICULTURAL RESEARCH GETS TURNED INTO PRODUCTION PROGRAMS WAS EXPRESSED. AID/W WILL EXPECT THE REGIONAL AND VARIOUS BILATERAL ACTION PLANS TO ELABORATE ON THIS. (C) STUDIES. THE STUDIES COMPONENT OF THE STRATEGY, FOCUSING ON FUTURE THINKING, WILL BE USEFUL BUT THE MISSION WAS ADVISED TO DRAW ON THE INDICATIVE BUDGET FOR THIS ACTIVITY TO FINANCE MONITORING AND ASSESSMENT OF IMPACT OF ACTIONS ALREADY SUPPORTED FOR SOME YEARS -- SACCAR, TRANSPORT, ETC. -- AS WELL AS THE MONITORING AND EVALUATION ACTIVITIES DESCRIBED IN THE RDSS.

CONCLUSION: THE MISSION SHOULD CONCENTRATE ON DEVELOPMENT OF BENCHMARKS AND NARROWING OF SECTOR STRATEGIES FOR THE ACTION PLAN, WHICH SHOULD BE PREPARED FOR REVIEW EARLY IN CY 90. A.I.D.'S OWN NEEDS TO ASSESS IMPACT AS THE STUDIES AGENDA IS DEFINED SHOULD BE CONSIDERED A PRIORITY.

6. ISSUE 4. WHETHER THERE WILL BE SUFFICIENT RESOURCES TO IMPLEMENT AND MONITOR THE STRATEGY.

DISCUSSION AND CONCLUSIONS: (NOTE: WHAT FOLLOWS IS IN ADDITION TO DISCUSSION IN ISSUE 3 RE MONITORING AND IMPACT ASSESSMSENT NEEDS.) THE RECORD SHOULD SHOW THAT THE BUREAU PLANS TO MAINTAIN THE REGIONAL PROGRAM AT A LEVEL OF DOLS. 50 MILLION PER YEAR, NOT THE AAPL LEVELS INDICATED IN THE RDSS. THE RDSS PROJECTION OF STAFFING NEEDS WAS REVIEWED. THE STAFFING AND CAPACITY ISSUES ARE NOT GOING TO GO AWAY. CONTRACTORS WILL HAVE TO BE USED TO PICK UP THE SLACK. THE IMPORTANCE OF THE USDH ECONOMIST POSITION IN HARARE WAS STRESSED BY THE

MISSION, AND IT WAS AGREED THAT THE FILLING OF THAT POSITION SHOULD BE GIVEN ATTENTION. OTHER NEEDS MUST BE FILLED BY CONTRACT EMPLOYEES. BUT MISSIONS THROUGHOUT THE REGION SHOULD BE WARY OF RELYING ON CONTRACTORS TO PERFORM A.I.D.-UNIQUE PROJECT DESIGN AND IMPLEMENTATION TASKS. THIS MAY REQUIRE SOME NEW APPROACHES TO DEFINING ROLES FOR USDH AND CONTRACT EMPLOYEES. YY

U. S. AGENCY FOR INTERNATIONAL DEVELOPMENT

DEVELOPMENT ASSISTANCE STRATEGY FOR SOUTHERN AFRICA

Volume I

EXECUTIVE SUMMARY

World attention is focused on southern Africa, a region of intense political activity related to the internal and external policies in South Africa and their impact. Important economic dimensions of this evolving situation influence the pace and direction of growth and development in a region that is important to U.S. interests.

Southern Africa is a region of over 100 million, primarily rural based people, who depend on small scale farming for their livelihood. Agriculture represents on the whole 35% of GDP and accounts for 26% of export earnings in the region. Per capita GDP in the region ranges from $1850 in South Africa to $160 in Malawi. South Africa's economic dominance is evidenced by its overall GDP of $56 billion which is larger than that of the rest of the region combined, though South Africa's population is only one-third of the total.

The nine majority ruled nations of the region, members of the Southern Africa Development Coordination Conference (SADCC), are bound by similarities in economic status, jointly shared issues and problems, and their common determination to seek solutions. The increasing potential for successful development in the region, combined with U.S. interests in promoting stability and development in all of Southern Africa, forms the foundation for a regional strategy of U.S. assistance to the SADCC countries from 1991 through 1995.

SADCC members are Angola, Botswana, Lesotho, Mozambique, Swaziland, Malawi, Tanzania, Zambia, and Zimbabwe. In aggregate, these nine countries possess significant amounts of untapped mineral deposits, including strategic metals (copper, ferrochrome, nickel, and gold). In addition to the foreign exchange earned from exporting unprocessed minerals, most of the region's economies depend on agricultural commodities, tobacco, tea, coffee and sugar.

Economic growth in the region has been constrained by a variety of external and internal factors. For the shipment of internationally traded goods, particularly imports of capital equipment, consumer goods, raw materials and production inputs, the region depends heavily on South Africa's rail, road and port systems which are more costly than the still partially inoperative direct routes to the Atlantic and Indian Oceans. An average 3% population growth continues to outstrip food production in the region creating a situation where food production will have to double over the next 10-15 years just to enable the region to feed its people. Unemployment is a major problem and job creation is constrained by low private investment, foreign exchange shortages and scarce entrepreneurial skills. Several countries are burdened with responsibility for refugees from civil strife. The export performance of the countries has been lethargic and intra-regional trade volumes are low. Less than 5% of total SADCC trade is within the region and half of that is with Zimbabwe. For many SADCC countries South Africa remains the major trading partner.

SADCC was formed in 1980 in response to these issues. The organization has the twin goals of coordinating regional development and reducing the economic dependence of member countries, particularly dependence on South Africa. SADCC's top priority is the establishment of viable transport outlets independent of the longer and costlier South African routes. Agriculture is also high on the agenda and natural resource issues including the impact of firewood depletion and soil erosion are of growing concern in the region. Earnings from trade are essential to SADCC member countries, which are seeing now that external markets offer the best prospects for generating critically needed foreign exchange and must be a major target of trade promotion activities.

The United States' historic interest in political stability, in the advancement of human rights, in economic growth and independence, and in the well being of the disadvantaged, makes the whole of southern Africa a pivotal and important region in U.S. economic policy. Economic cooperation within that region will bring eventual economic prosperity. In recognition of the commitment of the members of SADCC to national growth and regional cooperation, and their progress in developing and gaining support for a Program of Action to strengthen their ability to produce and to trade, the United States will help promote the economic strengthening of national economies and of regional linkages and cooperation. The U.S. agenda will also bring together expertise to assess the possibilities for a broader, richer and more varied regional economy following achievement of majority rule in South Africa, whenever that occurs.

A.I.D's Southern Africa Regional Program has helped SADCC in its considerable progress toward its major development objectives. The U.S. has supported SADCC efforts to 1) strengthen rail, road, and port facilities that provide more efficient and cost effective alternatives to South African routes; 2) promote increased exports to regional and overseas markets; 3) increase agricultural productivity and provide regional food security and 4) develop the region's human resource base and management effectiveness in the transportation and agriculture sectors.

By the end of the decade of the 1980's the Agency for International Development (A.I.D.) will have provided over $170 million to improve capacity and efficiency in the region's rail and road networks. Seven A.I.D.-funded transportation projects will be in implementation with promising prospects for improving the capacity and operational efficiency on major transport corridors.

In agriculture, A.I.D. and other donors have supported research aimed at developing improved varieties and increasing production of small grain crops grown by small holders: sorghums and millets. As part of the 10-year training program 65 agricultural scientists from the southern Africa region will be trained in sorghum and millet improvement. The program also supports the mandate of the Southern Africa Center for Cooperation on Agricultural Research (SACCAR) to promote better coordination of agricultural education and research within the region.

SADCC has made important progress in the area of regional food security. A.I.D.-funded technical assistance has played a pivotal role in the development of a regional food security strategy which was approved during the SADCC Consultative Conference in February, 1987. A strategic framework for the analysis and development of new projects in SADCC's seven agricultural sub-sectors now exists as a result of this activity. Attention is now turning to the serious issues of natural resource management.

The strategy for U.S. fiscal years 1991 through 1995 evolves from the strategy for the period of the late 1980's. It will continue a concentrated effort to promote improved transport infrastructure but will give attention to matters of efficiency in operations and financial management issues of costs and competitiveness. It will respond to the strengths of the SADCC Secretariat in Gaborone and the sector units concerned with transport and communications and with food security by helping those units promote understanding of policy issues that affect capacities and efficiencies in transport, availability of food, and economic growth through production and trade. It will seek to maintain momentum in agricultural research that will lead to increased production of food and other crops, promote the growing recognition of the importance of conservation and effective use of natural resources, and train agricultural scientists and producers. It will promote steps to stimulate the trade and entrepreneurship that are necessary to economic growth. It will take a leading role in analyzing the present and future issues facing the region.

SADCC's economic linkages with South Africa are extensive. The U.S. strategy for development assistance to SADCC will help redress the economic imbalance in relationships with South Africa. The reality of the present for some SADCC countries, and the future for others, however, will entail continuing trade with and through South Africa. The current imbalances in that trade can be mitigated as SADCC moves toward greater efficiency in its restored transport infrastructure and toward greater export earnings from competitive productive sectors.

Economic reform, private sector growth (particularly as it creates new jobs), and development of market production outside the major urban centers are consistent with the U.S. strategy for assistance to Africa as well as with SADCC's own recognition that national policy reform will be necessary if its member countries are successfully to achieve positive rates of growth and confront the constraints of high population growth, limitations in the natural resource base and external economic pressures.

Economic linkages within the SADCC region, and mutual cooperation for purposes of transport, food security, promotion of private sector agriculture, resource conservation and trade, will be supported directly through regional projects and indirectly through studies and discussion of policies and provision of resources to support economic reform programs adopted by member countries. See Section III.A., pages 15-17, for a summary of the program strategy proposed.

I. OVERVIEW OF THE ENVIRONMENT FOR DEVELOPMENT

Southern Africa as a whole is a region encompassing some 108 million people living in eleven states covering an area three-fourths the size of the U.S. Some 35 million of these people live in the Republic of South Africa (RSA) and Namibia, 23 million in Tanzania, 14 million in Mozambique, approximately 9 million each in Angola and Zimbabwe and 7 million each in Malawi and Zambia. Lesotho and Botswana have under 3 million together, while Swaziland has 700,000 people. Population growth rates in the region are uniformly high: ranging from 2.3% in South Africa to 3.7% in Zimbabwe.

The average per capita income (GDP) of $1,000 masks tremendous variation. For example: World Bank data indicate that South Africa's average per capita income in 1986 was $1,850 (with immense differences between incomes of whites and of the majority black population), while the average for the other countries was closer to $300, varying substantially as between: Botswana at $840, Zimbabwe at $620, Zambia at $300, and Malawi at $160. Total GDP is similarly skewed: South Africa with 31% of the region's population had a 1986 GDP of $56 billion which was over twice as large as the GDP of the rest of the region containing twice the number of people. Growth rates of GDP vary among the countries: during the period 1980-1986 growth rates per year ranged from 11.9% in Botswana and 6.1% in Malawi to 2.6% in Zimbabwe, 0.8% in South Africa, -0.1% in Zambia and -9.0% in Mozambique.

Southern Africa is one of the world's best endowed regions, with land not yet fully exploited, large mineral deposits, substantial energy potential, deep water ports, and an existing transportation infrastructure. Major exports include: oil, coal, electricity, gold, diamonds, asbestos, copper, chrome, cobalt, tobacco, meat, tea, coffee, and cereals.

The Southern African Development Coordination Conference (SADCC) includes all of the independent, majority ruled countries of the region. Having been aligned in joint opposition to apartheid in South Africa and the client status of Namibia, these nations comprise an important region in themselves, one which is expected to expand when an independent Namibia joins SADCC.

The peoples and governments of southern Africa share limited but growing common perspectives on economic opportunities and problems, as well as future possibilities for growth, development, and regional cooperation. Yet nationalism, for these countries that won independence within the past 25 years, is understandably still a powerful force.

The region varies widely in wealth, climate, historical legacy, ethnic homogeneity, and political ideology. National boundaries, in many cases cut through ethnic communities that maintain cross-border cultural and economic ties but are subject to differing national agenda. The essential elements of regional transport, communications and energy networks that derive from pre-independence days do link the countries together to some degree, however, as do historic patterns of economic production and exchange. The region has the largest and longest interconnected rail network in Africa, five major ports, and important energy facilities.

Most of the countries' economies are agriculturally based (with 80% of the region's population in agriculture and 70% in subsistence farming) yet the region's per capita food production has consistently been declining. Zimbabwe and Malawi can feed their own people but the rest of the countries have food deficits. Zimbabwe has significant manufacturing and mining sectors while mining is especially important to Zambia and Botswana. The countries are predominantly small, open, fragile economies and all are dependent upon one or at most a few major primary agricultural or mining exports.

The countries import very large proportions of needed capital goods, spare parts and intermediates, as well as a broad range of consumer goods. Thus they are vulnerable to adverse changes in the terms of trade and saddled with balance of payments and debt problems (some $17 billion in total debt burden in 1986) with Malawi, Zambia and Tanzania suffering most seriously. Labor forces are mainly engaged in agriculture, and prospects for creating meaningful jobs for growing work forces center prominently on rural employment generation. Some countries still send substantial labor forces to the mining industries of RSA. The rate of urbanization, not yet a widespread problem in the region except in Zambia (48% urban), is tightly linked to the lack of prospects for economic growth and job creation in rural areas. Average living standards are low and have declined in 7 of the 9 countries since 1980. Among the world's "least-developed countries" (per capita income less than $425 in 1986) are Mozambique, Tanzania, Lesotho, Zambia and Malawi. Even in the higher income countries the incomes of large rural populations are low, sometimes at no more than subsistence levels.

Southern Africa, thus, is an area rich in physical and human resources which could generate widespread prosperity for its citizens and provide significant markets and products to the world. Currently, however, as one of the world's poorest regions, it is:

* suffering from repercussions of tensions from internal insurgency;

* susceptible to movements of refugees and displaced persons (estimated at over 1 million and perhaps as many as 4.5 million, respectively);

* adversely affected by poor commodity prices;

* saddled with debt;

* struggling to manage complex economic issues; and

* vulnerable to drought.

But southern Africa is also a region whose nations have banded together through SADCC to reduce economic dependency, especially on South Africa, improve shared infrastructure, and seek common solutions to common problems. Progress can be agonizingly slow and the problems immense and pressing, but significant donor assistance has brought new resources to the area and promises to continue helping solve critical problems.

Potential for Regional Development Success

Three developments in southern Africa offer encouragement that regional efforts at development and integration will accelerate.

Progress Toward Policy Reform: The efforts underway in the region to achieve better management of economies and to reform policies could lead to a more conducive financial environment for productive activity. To varying degrees the countries are recognizing that reduction in controls and administrative interventions, encouragement of market influences in pricing and exchange rate adjustment may lead to the private investment, domestic and foreign, that is essential to economic expansion. They see prospects that growth of the economies of individual states will increase production and consumption, which will in turn affect levels of imports and exports within and outside the region, and will attract investment.

Maturing of SADCC: Founded in 1980, SADCC has matured and achieved significant results for the region. A broad Programme of Action has been formulated to tackle key aspects of regional cooperation and development. Transport infrastructure is being rapidly rehabilitated and rationalized; agriculture has likewise attracted considerable attention; and a start has been made at formulating strategies and requirements in other sectors. All of this is being developed within a lean organization which seeks to place responsibility on member countries and build their capacity for coordinating regional sector issues and requirements. SADCC's work with multiple donors to match requirements with available assistance has operated with increasing smoothness. Thus, the countries in the region have, on their own, structured and developed a regional organization that is representing and even leading the region's agenda for change.

Mobilization of Donors: A third source of optimism stems from significant donor response to SADCC and its evolving Programme of Action. Not only the amounts of financial resources attracted, but the diversity of donors, multilateral and bilateral, that have been attracted to help the region demonstrate a broad-based concern for Southern Africa. SADCC's Annual Progress Report for 1987-1988 demonstrates the response of donors to the Programme of Action. The program included 571 individual projects totalling $7.2 billion in

* transport and communications
* industry and trade
* food, agriculture and natural resources
* energy
* mining
* manpower development, and
* tourism

National government contributions to the Program are targeted at 12% of the total cost, the reminder to be raised from foreign donors. Funds secured by August 1988 stood at $2.7 billion or 37% of the total Program of Action, while another 12% were being negotiated, and 51% or $3.7 billion were unfunded. The greatest donor assistance has gone into transport, some $1.9 billion representing 70% of all secured financing as of July 1988, while industry and trade received $313 million or 12% of secured financing. Donors support selected parts of the overall Program to match their interests and priorities; thus, the U.S. has been active in transport, agriculture and institution building; Canada in transport, energy and agriculture; Sweden in transport and industrial development, and Germany in transport, agriculture and human resource development. An underlying rationale for donor assistance in the region is a shared abhorrence of apartheid and desire to mitigate the negative effects of South Africa's regional dominance. But of equal importance is the increasing confidence among donors that SADCC is an effective organization representing southern African regional needs of the present, and of a future that will ultimately include an apartheid-free South Africa. Few regional groupings of countries have as quickly, if ever, developed an equal level of mutual confidence among donors and member countries.

II. PROBLEM DESCRIPTION AND ANALYSIS

The drive for linkages among the countries in southern Africa derives from their dependence on world economic conditions and on the dominant economy of the Republic of South Africa in the region. Dependence is manifest most directly in economic terms, in trade and investment flows and in formal economic organizations. But dependency within the region derives also from reliance on South Africa's infrastructure and services as well as social and political relationships. Given such tight links, economic success fluctuates with the fortunes and attitudes of South Africa. An overall cooperative effort can be of mutual benefit in the long run.

The adversity of world economic conditions continues to bedevil southern Africa long after recovery has occurred in the industrial nations. Though not unique to these developing nations, the impact of this hostile economic environment on the region and common approaches to dealing with them represents another shared challenge to growth and development.

A. Transport

Historically Mozambique and Angola handled most of southern Africa's requirements outside the region. The Tazara (Tanzania Zambia Railway) to Dar es Salaam opened in 1975. By the early 1980's, following sanctions and insurgencies, South Africa had gained a near monopoly on the regional transport of the southern tier of countries. Thus, the diversion of 50% of traffic to South Africa by 1981 and 85% by 1985 resulted in increased costs for transport services and drastic decreases in revenues of SADCC ports and railways. The diversion stemmed from:

* closure, since 1975, of the Benguela rail line (Lobito, Angola to Zambia) due to insurgency;

* closure of the Nacala, Mozambique to Malawi rail line in 1984 due to insurgency;

* closure of the Beira, Mozambique to Malawi rail line since 1983, forcing closure of Mozambique's biggest sugar plantations and only coal mine;

* closure of the Maputo, Mozambique-Zimbabwe rail line since 1984 due to sabotage and lack of maintenance.

In recent years traffic to and from SADCC ports has been concentrated on the Beira and Dar es Salaam routes which together are unable to carry the full SADCC trade. Management and maintenance of these networks are weak, however, and revenues have been depressed as traffic has been diverted to South Africa.

The magnitude of dependence which these conditions have created is seen by the proportion of SADCC country transport going through South Africa: Botswana and Zimbabwe 90%, Swaziland 70%, Malawi and Zambia 60%, and Mozambique 30%. The dependence is exacerbated by the South African Transport System's ability to offer more reliable services and attractive deals for large exporters, though prices are generally kept as high as the traffic will bear.

B. <u>Trade</u>

Large movements of exports and imports take place within southern Africa as a whole. South Africa is dominant in trade relations, and intra-SADCC trade is low and declining in favor of increased shares for South Africa. During the 1983-1986 period SADCC imports from South Africa were estimated at $5.5 billion (30% of total imports) while exports to South Africa stood at less than $1 billion (4.5% of total exports). This balance of trade surplus has played a central role in South Africa's balance of payments management and represents some 40% of its total trade surplus. At the same time intra-SADCC trade stood at less than $2 billion (combined imports and exports). Trends for intra-SADCC trade show a drop from the early 1980's to 1986, with exports falling from 7% to 4.5% and imports falling from 30% to 24%. Shares of imports from South Africa range from 90% for Botswana, Lesotho and Swaziland to 45% for Malawi, 20% for Zambia and Zimbabwe, and 10% for Mozambique. Only a few countries sell more than 10% of their exports to South Africa: Lesotho and Swaziland 40% and Zimbabwe 20%.

The importance of trade with South Africa derives also from the types of goods it provides to the region: predominantly manufactured products including intermediate items, spare parts and some capital goods, but also services and energy. No country in SADCC could easily replace South Africa as a regional supplier, even Zimbabwe which has greater capacity and potential than other nations currently. South Africa has marked advantages over outside sources of supply even though it remains a high-cost producer by world standards. Transport costs are lower than from outside the region (which can be assured by manipulation of transport tariffs in South Africa), delivery times are shorter and after-sales service is close. Also South Africa has aggressively used credit terms to undersell SADCC suppliers and sometimes outside sellers as well.

C. Labor Migration

Migration of male laborers from SADCC countries to work in South African mines has for decades been a major element of the economies and societies of Lesotho, Botswana, Swaziland, Mozambique and Malawi. Lesotho has been the largest supplier of labor, at an annual level well over 100,000, representing 75% or more of wage labor. Remittances form a large part of Lesotho GDP: 43% in 1983. Mozambique has traditionally been the second largest supplier with roughly 50,000 workers historically having received partial payment in gold to assist the country's balance of payments. In Botswana major development of diamond mining has reduced somewhat the relative importance of remittances from workers but mining work in South Africa continues to be an important source of employment. As labor-saving technology is introduced to the mines, and if economic or political conditions create more rapid decreases in South Africa's use of migrant labor, the SADCC states will be faced with even more serious need for domestic growth and employment.

D. Investment

South Africa is a major investor in the SADCC region. Its firms are present in most economic sectors throughout the area. In Zimbabwe an estimated 25% of privately-owned capital stock has been controlled by South African firms, although there has been some disinvestment in recent years in mining, brewing, banking, retailing and manufacturing sectors-under pressure from and with financial participation by the Zimbabwean government. In Botswana, Lesotho and Swaziland indications point to increasing South African investment. The Reserve Bank of Botswana estimates that 40% of registered industrial enterprises are South African-owned while 50% of diamond mining is similarly controlled. Similar ratios apply to Lesotho and Swaziland. In Zambia South African firms are key to mining engineering while throughout SADCC they are involved in the freight and forwarding field. Mining is heavily linked to South African interests, with some government parastatals participating in joint-ventures and supplies and marketing tightly controlled by South African interests. Ownership by South African firms influences procurement decisions of multinationals, as purchases from South Africa are favored over production of inputs within the SADCC economies. Indications also point to an increase in SADCC dependence on South Africa in the manufacturing field, supplementing its continuing heavy dependence in mining and selected services. Moreover, political pressures on multinationals for divestment from South Africa and the depressed economic conditions there are causing diversion from that country to SADCC nations, and bringing a considerable element of additional South African interests into the region.

E. Costs of Instability

Costs stemming from instability and conflict within the region include war damage, increased allocation of revenue to defense, lost economic output, and decreased efficiency. The physical destruction of economic and social infrastructure has affected bridges, schools, clinics, medical transport, and power facilities. Restoration of infrastructure places additional burdens on SADCC government budgets. Diversion of transport to South Africa raises costs of production and trade, and reduces the revenues and efficiencies possible for SADCC facilities.

The SADCC Secretariat estimates that the total economic costs of instability exceed the total of foreign loans and grants made to SADCC countries in the 1980's. Looked at another way, such costs are equal to one third of their total export earnings and 10% of their combined GDP. These costs are likewise equivalent to a terms of trade loss to the region of 20% per annum, coming as it does on top of existing terms of trade losses and balance of payments difficulties.

F. Recession in the Region

Southern Africa has been drastically affected by world economic trends during the 1980's. The world recession which hit Africa hard starting in 1982, while disappearing or declining among the industrial countries since 1986, has lingered in many developing countries including most of Southern Africa. The collapse of industrial country growth during the recession led to rapid and severe declines in prices and quantities of exportable products while inflationary pressure early in the 1980's pushed up prices of imports. Adverse terms of trade thus diminished the value of production whose quantities were likewise decreasing. The result was low levels of GDP growth in most of the region, much lower than rates of population growth. During 1980-1984 average yearly real GDP growth rates were, for Angola, 2.2%, Botswana, 14.9%, Lesotho, 1.0%, Malawi, 1.2%, Mozambique, -8.0%, Swaziland, 3.8%, Tanzania, 0.5%, Zambia 1.5%, Zimbabwe, 4.7%.

Linked to declines in output were increases in unemployment, reduced savings, flat rates of investment, and increasing dependence upon outside donor and commercial resources. Deficits on government account and in the balance of payments contributed to financial problems, both in the form of increased debt load and servicing requirements as well as excessive government borrowing with its impacts on domestic inflation and higher borrowing costs to private investors.

Though growth rates varied among SADCC countries in the period after 1985, in all cases (except Botswana due to mining) actual growth was significantly below planned rates. Only in a few countries was growth during 1985-1987 higher than during the 1980-1984 period: Lesotho at 1.7%, Malawi at 2.3%, Mozambique at -0.8%, and Tanzania at 3.5%. Throughout the region continuing stagnation in growth derives from: low rates of net investment; shortages of imported inputs due to scarce foreign exchange resources; lack of skilled manpower in some economies; slow expansion of domestic demand facing producers; increasing protectionist tendencies; rising import prices in the world; and continuing depressed price and quantity terms facing major export products. To these harsh conditions must be added political instability, which has depressing impacts on economic activity; periodic natural calamities including drought, cyclones and floods; and the constraints on economic activity emanating from economic reform programs of national governments under conditions of restrained flows of net donor assistance.

In sum, the region is caught in continuing economic difficulties, with insufficient economic growth to arrest, let alone reverse, trends in unemployment and low demand. Small and decreasing intra-regional trade levels are partly due to region-wide growth levels, and partly a function of economies with limited complementarity. While each country has its own particular economic problems associated with slow growth and its own strategies for attempting to live with scarcity, there is a common regional dimension to the situation. Investment in the region by outsiders will be determined both by levels of demand within the nation where production occurs and by broader prospects for regional markets. It will, likewise, be determined by how conducive individual economies are to investment in productive capacity. Trade can rise between SADCC countries, but only if growth revives in the region. Inadequate levels of economic activity and growth prospects thus are shared broadly within Southern Africa and delineate a dimension to the region which binds countries together. Such dim prospects also vitally shape the region-wide economic situation within which donors are asked to respond to SADCC requests for assistance.

G. Need for Economic Policy Reform

The reality of the continuing harsh economic environment has brought about widespread recognition of the need for fundamental economic reforms in the region. Difficult policy changes are being considered while development strategies are being scaled back to fit diminished resources. Inefficient production entities can no longer be subsidized within the policy reform programs agreed upon between southern African countries and multilateral agencies. Growth cannot increase without access to additional resources, many of which must come from outside investment. An improved climate of financial incentives and scaled-back government involvement in the economy, as well as other measures to promote resource flows from abroad, are gradually being planned and implemented by nations in the region.

For the southernmost SADCC countries, economic management options must be conceived and implemented within the context of special relationships with South Africa. Botswana's mining wealth has provided a relatively high per capita income level and the resources to pursue economic development and diversification projects independent of donors and outside investors. Lesotho is predominantly agricultural with a narrow industrial base and heavy dependence on workers' remittances from South Africa, especially after closure of its diamond mine. Swaziland maintains a very open economy with two dominant sectors: agriculture and manufacturing, primarily in the area of agro-processing.

Only Botswana has an ability to conduct traditional monetary policy since in 1975 it withdrew from the then Rand Monetary Area; Lesotho and Swaziland are tightly linked to South Africa in terms of exchange rates, interest rates, and financial policies. Even Botswana is proscribed in the range of monetary policy by close links to South Africa. Membership in the South African Customs Union severely limits use of protective measures and, while supplying a substantial portion of government revenue from customs receipts, removes control over that revenue source. The openness of the borders to trade flows and investment mean that Governments in these three countries can work to stimulate productive activity and attraction of investment through maintenance of appropriate tax and subsidy policies as well as selected use of government involvement in encouraging or even operating production entities. Thus, the resources available to them are in some ways larger and more readily available, but their ability to conduct macroeconomic management of the economies is limited.

In other countries, many of which have undertaken reforms with the direct help of the IMF, the World Bank and bilateral donors, there is substantial variation in the severity of problems to be tackled and the progress made to date. Thus, Zambia has repudiated the donor-sponsored reform program in favor of one of its own making. Malawi and Zimbabwe presently have economic environments closer to what is envisioned as the end result of reform than do Mozambique and Tanzania, although in each country serious problems remain. There may be a direct relationship between the magnitude of reforms undertaken and the seriousness of distortions present; the desperate economic dislocations in Mozambique and Tanzania have recently led those countries to make more drastic and fundamental changes than are occurring in nations with less serious distortions. Mozambique's current pragmatic approach, under an IMF/World Bank structural adjustment program, encourages the private sector, offers incentives to foreign investment, and moves toward divestment of state-owned farms and factories.

The poor status of infrastructure, public and private, will act as a severe barrier to total economic reform and recovery in some nations in the region, especially those affected by a long history of economic stagnation and those affected by insurgency. Reform is inherently threatening to vested interests, which will fight to retain privileges and delay or prevent either selected policy reforms or the entire effort to achieve structural adjustment.

The stark realities of the 1980's, including the world recession, lingering stagnant growth rates, and dwindling net resource flows into the region, mean that there is no alternative for the region's governments other than to continue pursuit of economic reform. Some relief may be available from banks and donors in the form of resource flows, but these will not result in more than slightly higher net inflows. Basically the 1990's are likely to continue as an era where nations must learn to promote growth and development largely based on more efficient mobilization and use of existing resources. Thus, policy reform efforts and resulting gradual improvements in economic operations and structures must continue, as a basis upon which to promote improvements in transport, trade, investment, agriculture and other areas of economic performance.

III. DEVELOPMENT ASSISTANCE STRATEGY

A. U.S. ASSISTANCE OBJECTIVES

The United States supports the general objectives of SADCC, particularly the themes of cooperation to achieve balanced economic growth for each country and for the region as a whole and reduced economic dependence of SADCC member countries on South Africa. The United States' historic interest in political stability, in the advancement of human rights, in economic growth and independence, and in the well being of the disadvantaged, makes the whole of southern Africa a pivotal and important region.

Since 1984 the U.S. has supported SADCC efforts to 1) strengthen rail, road, and port facilities that provide more efficient and cost effective alternatives to South African routes; 2) promote increased exports to regional and overseas markets; 3) increase agricultural productivity and provide regional food security and 4) develop the region's human resource base and management effectiveness in the transportation and agriculture sectors.

A.I.D's Southern Africa Regional Program has made significant progress in assisting SADCC to achieve its major development objectives:

By the end of the decade A.I.D. will have provided over $170 million to improve capacity and efficiency in the region's rail and road networks. Seven A.I.D.-funded transportation projects will be in implementation with promising prospects for improving the capacity and operational efficiency on major transport corridors.

In agriculture, A.I.D. and other donors have supported research aimed at developing improved varieties and increasing production of small grain crops grown by small holders: sorghums and millets. Over 7,000 varieties of sorghum and 3,000 varieties of millet have been collected from around the world and for testing and cross breeding. As part of the 10-year program 65 agricultural scientists from the southern Africa region will be trained in sorghum and millet improvement. The program also supports the mandate of the Southern Africa Center for Cooperation on Agricultural Research (SACCAR) to promote better coordination of agricultural education and research within the region.

SADCC has made important progress in the area of regional food security. A.I.D.-funded technical assistance has played a pivotal role in the development of a regional food security strategy which was approved during the SADCC Consultative Conference in February, 1987. A strategic framework for the analysis and development of new projects in SADCC's seven agricultural sub-sectors now exists as a result of this activity.

In recognition of the commitment of the members of SADCC to national growth and regional cooperation, and their progress in developing and gaining support for a Programme of Action to strengthen their ability to produce and to trade, the United States will continue to support that Programme of Action in areas that stimulate mutual economic cooperation and promote efficiencies leading to growth of the economies of the region.

A.I.D.'s Southern Africa Regional Program will offer support to redress the most fundamental problems that constrain economic growth and development in the region. Continued economic progress is needed to create the foundation necessary for long term participation in a region that will include a post-apartheid South Africa. The program will expand U.S. assistance to improve the physical infrastructure needed to transport critical inputs and to enable producers to reach new and expanding markets; it will enhance the ability of the countries of the region to feed their people and where possible produce for export; it will support economic policy reform initiatives on a bilateral basis that will facilitate trade and business development forming the foundation for sustained growth; and it will stimulate discussion of future development options for the region in light of changing political and economic conditions, including a free Namibia and ultimately a post-apartheid South Africa.

I. In transportation, the United States' objective is to install capacity and efficiency in the transport systems that serve regional cooperation and provide access to regional and external markets, and foster the economic growth that will come through such access. The United States will expand infrastructure and management capacities and help improve financial data and decision-making of the rail and road transport systems serving current SADCC member nations. The program will improve the foreign exchange balances of these nations by reducing costs of transport and increasing their ability to benefit from improved competitiveness in trade. Infrastructure utilization will reach the highest levels achievable and revenues will be in better balance with expenditures as rates are established in relation to costs. National and regional leadership will improve their commitment to efficiencies in operations and management. Strategies to ensure economic competition between rail and road and among transport corridors and systems will be identified and taken into consideration.

II. To increase the potential for sustainable food security in the region, the United States will support research and dissemination of research on food crops, training in agricultural sciences, training of agricultural entrepreneurs, regional resource management programs, and training in forest and soil conservation and will promote cross-border conservation strategies. The program will apply scientific advances to increase regional productivity on lands suitable for food crops and reduce dependence on food imports for the region as a whole. It will reduce the gap in skills required in national teaching and extension institutions, and will ensure that women as well as men are trained, in proportion to their availability and demand. The program will expose private sector growers and distributors to the principles and techniques of marketing. It will support commitment to conservation on the part of local agricultural and education staff and water specialists as well as by national governments. In combination with strategies to improve national economic performance and trade, the program will enhance the ability of citizens of the region to purchase local and imported foods.

III. To stimulate the trade and entrepreneurship that are so necessary to economic growth, the United States will offer assistance to entrepreneurs who require sponsorship or technical expertise before they can obtain financing for business with export potential. The program will seek to identify, and remove, barriers that restrict the role of females in business. The program will seek to improve the policy climate for trade in SADCC member nations, and will support measures to promote trade to be taken by individual countries as appropriate to their economic status and policy environment. It will aim to help increase foreign exchange earnings through regional and external trade, promote entrepreneurship and efficiencies in productive sectors as a means toward higher incomes, expanded consumption and improved living standards.

Major strides can be made in economic growth and development only if the policy conditions in each country are conducive to efficient business operations. Restrictive investment codes, limitations on repatriation of dividends and profits, centrally controlled foreign exchange allocation systems, and overvalued domestic currencies are all barriers to sustained, equitable, economic growth. The United States will support individual country efforts to dismantle economic structures that inhibit efficient operations of fiscal and monetary institutions.

IV. Finally, in recognition of the dynamic and changing socio-political environment in southern Africa, the United States will initiate and support investigation and analysis of strategies for future regional growth. This will lead to a broader agenda of development options for SADCC and enable the United States and SADCC to consider assistance programs not currently in the program of action. Scenarios studied will include those of a free Namibia which would be, potentially, the 10th member of SADCC; and the economic and political ramifications of a post-apartheid South Africa on the region.

In the meantime, the United States will continue its program for disadvantaged South Africans, offering scholarships for secondary and university training, assistance to black private enterprises and labor unions, legal assistance to victims of apartheid, and community development and leadership training.

B. TRANSPORTATION

1. Background

The transport system of Southern Africa consists of an extensive rail, road and port network providing linkages within the region is well as access to international markets. The Republic of South Africa (RSA) has the largest and most well developed system, with the South African Transport Services (SATS) rail system spanning 23,740 kms of route length (most of it double track and electrified) and carrying 172 million tons annually. Zimbabwe is next in size with a rail system of 3,394 kms and carrying 14 million tons annually. The other SADCC transport systems are all smaller in size and range from that of Swaziland with 280 kms of track designed to carry .5 million tons annually to that of Mozambique which carried an estimated 12 million tons of traffic in 1972. (See Annex I-A)

Prior to the disruptions of transport which started during the struggle for independence of Mozambique and Zimbabwe between 1973 and 1980, five effective and low cost transport corridors were available to the landlocked countries of SADCC. These corridors transported nearly all of SADCC's imports and exports reliably and at low cost, with only a trickle going through South Africa. The 4.5 million tons shipped annually by South Africa through the port of Maputo prior to 1975 accounted for almost all transit traffic through that port. In 1987, however, only .5 million tons of RSA traffic was shipped through Maputo.

Since 1975, four of the five transport corridors of the SADCC region have been closed by insurgency. They remain closed or only partially operational. The Benguela rail line to Lobito serving Zaire, Zambia and Angola has been closed since 1975. The rail line to Nacala, important for Malawi, was closed in 1984. The line from Malawi south to Beira has been closed since 1983. The Zimbabwe - Beira line has suffered interdiction, but under guard by troops from Zimbabwe and Mozambique, the line operates reliably during daylight hours. Traffic has increased by 87% from 1986 - 1988, but has not reached the level of 1.9 million tons carried in 1975.

The Maputo port system serves as SADCC's main alternative to RSA routes. Three rail lines feed the port: (1) the Goba line to Swaziland; (2) the Ressano Garcia line to the RSA; and (3) the Limpopo line to Zimbabwe. Traffic moves at reduced levels on the Goba and Ressano Garara lines because of periodic sabotage. The Limpopo line was closed to commercial traffic in 1984, but will be reopened in 1989. The line will be capable of carrying about 2.0 million tons of cargo annually.

The only line not subject to sabotage is the Zambia - Dar es Salaam route, also known as the Northern corridor, which includes, a road-lake-rail connection to Malawi, the Tazara rail line and the Tanzam highway. The Chinese built the 1860 km Tazara rail line in 1976 specifically to provide access to the sea for Zambia's copper exports following closure of the line to Lobito and Zambia's boycott of Rhodesia. The rail line had many start-up difficulties and has not been well maintained. Strong support from donors has provided alternatives to the inadequate Chinese locomotives and substantially improved operations on the line, though actual capacity is still well below design capacity. The rail line is paralleled by the Tanzam highway, a road constructed by the U.S. and the World Bank, which is rough but serviceable.

In addition to the disruptions from sabotage, the SADCC transport system deteriorated because of loss of technical and management skills after independence, weak prices for raw materials, the decline of the region's economy, unwise or non-existent investment in physical facilities, and shortages of funds for maintenance and replacement of assets.

The disruptions and decay of the transport system have forced re-routing of traffic through the longer distance and higher cost RSA alternative lines (in 1988, 70% of Malawi's foreign trade used the road corridor through Mozambique's Tete Province to Zimbabwe and the south). Another major factor affecting the routing of traffic through RSA ports is the ready availability and efficiency of the well established SATS transport system. Even though transport distances through the RSA are significantly longer (For example, Harare to Durban is 2027 km vs 605 km to Beira; Blantyre to Durban is 2567 kms vs 640 kms to Beira), the large economies of scale of SATS and its efficient operation yield operating costs per ton kilometer well below those of the SADCC countries. (See Annex I-C). Because of the longer distances, however, the total costs, even for large consignments for which the SADCC customer can negotiate contract rates, are higher than those of the appropriate SADCC transport system. For example, for large consignments, the charge by rail for containerized tobacco in 1988 from Harare to Beira is Z$1,084; to Durban it is Z$2,088.

In addition to the extensive rail and port system, several major road systems serve intra-regional and overseas trade of the region. Botswana, Zambia, Malawi, Zimbabwe and Tanzania are linked through a series of road connections, including the Tanzam Highway linking Zambia with Dar es Salaam, the Blantyre-Tete-Harare road, the Lusaka-Chirundu-Harare-Beira road links, the Malawi-Zambia connection via Chipata, and finally, the new road connecting the port of Chilumba on Lake Malawi with Tazara at Mbeya, Tanzania.

Although built to satisfactory standards, many of the trunk roads which serve international trade require rehabilitating. Except in a few cases, road maintenance has not been a strong suit of the SADCC countries. The Tanzam highway is only a little over a decade old but has seriously deteriorated in certain sections. Likewise, the road link between Lusaka and Harare (with road and rail connections to Beira and Maputo) is in poor condition along certain sections. Portions of this road link have been rehabilitated under previous and current regional USAID projects.

In general, the history of the road system in southern Africa reflects the neglect associated with the lack of emphasis on regional development. This is apparent from the paucity of resources devoted to road maintenance as well as the under-development and lack of support for the region's long-haul, private trucking industry.

The trucking industry has many problems, but the most serious is the lack of foreign exchange for parts, tires, and replacement vehicles. An adequate long-haul trucking fleet is important for the SADCC countries for a number of reasons; (i) a large amount of high value, fragile, and perishable transit tonnage (about 10% in tonnage but from 50% to 75% in value) cannot be moved efficiently by rail; (ii) a number of export routes or important links in export routes can at present be served only by trucks, e.g., in Malawi; and (iii) trucks can be rapidly diverted to alternative routes thereby providing a high degree of flexibility if necessary. But due to the foreign exchange difficulties and lack of understanding by government officials, the long-haul trucking industry is in a precarious situation.

2. Constraints to Development

a. Financial and Economic Constraints

Inadequate cost recovery is one of the most serious constraints facing SADCC transport systems. The cost recovery problem is exacerbated by the structure of traffic: The capacities of the systems must accommodate the costs of imbalances of exports over imports on the SADCC system and the reverse on the SATS system.

Inadequate recovery of costs means that the transport enterprises, mostly the railroads, cannot through their tariffs and other income cover the costs of running and maintaining their system and replacing assets. Subsequent deterioration of both infrastructure and operational efficiency lowers the level of service that the transport enterprise can provide, traffic will be diverted to other routes or will evaporate, and cost recovery will become even more difficult.

The amount by which tariffs would have to be raised is not excessive. In a study for the NRZ, the World Bank calculated that the impact of overall tariff increases to cover short-run variable costs (fuel, maintenance, wages, etc., but excluding replacement of assets) would have a minor impact on the final price paid by consumers, but would significantly enhance the rail authority's financial position. There is a question as to whether increases in tariffs on the SADCC rail system would precipitate diversion of traffic to the SATS rail system. The answer will depend on the ability of the SADCC rail system to achieve higher levels of efficiency and reliability of service.

b. Infrastructure Constraints

Much of the rail network has deteriorated from lack of maintenance and neglect. Slow running speeds on tracks that are in poor condition cause low productivity and high costs. Frequent derailments also add to operating costs.

Roads have deteriorated. Rough roads greatly decrease productivity by forcing slow running speeds and add to vehicle operating costs by causing premature wearing out of parts such as tires and suspension components.

Workshops for the repair of locomotives and rolling stock have lost much equipment and the skilled personnel to operate the equipment and manage the repair work. As a result, much of the rolling stock of the rail lines is deadlined.

Ports have lost much of their operating equipment (over 40% of the forklifts in the port of Dar es Salaam were deadlined for lack of spares in February 1988), the workshops for servicing the equipment are in poor condition and are badly managed, spare parts inventories are at a low level, wharves have deteriorated for lack of maintenance, and the dredging channels have been neglected. These factors greatly reduce the productivity of the ports.

The communications network needed for the efficient operation of the rail system has decayed, or is lacking.

Much of the rolling stock of the rail lines is obsolete, has decayed to the point where it needs major repair or scrapping, or otherwise has been damaged or destroyed by attacks on the line. In addition, a few of the SADCC countries have so many locomotives of different manufacture or classes in inventory that the cost of stocking spare parts and maintaining the skills necessary for repair is prohibitive.

c. Institutional Constraints

SATCC lacks a mechanism for coordinating the efficient rehabilitation and use of the region's infrastructure. Poor screening and evaluation of projects have led to investments that add to a country's debt burden, but may not add income, at least for some period of time. SATCC produces lists of projects that are derived on a corridor by corridor basis. The ten-year development plans for separate corridors tend to be lists of what has to be rehabilitated and what it will cost rather than attempts to determine the economic worth of rehabilitating a line given the services that can be provided by other newly rehabilitated alternative corridors. The projects are not balanced as to transport mode, or between transport corridors.

Railway managements have little incentive to control operating or capital costs since their cash shortfalls are financed by their governments. They are not given the responsibility and autonomy to price their services properly, to be market oriented, or to restructure their operating costs so as to earn an adequate return on their investment.

The transportation management information systems of the railway companies do not provide management with the information needed to control operational costs. Railway companies cannot reduce surplus staff without Government approval, which is difficult to obtain. The companies lack a clear, thought-out strategy for investment, and there is little institutionalized review of projects.

In the region as a whole there is a bias against truck transport. Government rules governing the private trucking sector differ widely among countries. In some (e.g., Zimbabwe) truckers are at a considerable competitive disadvantage, yet in others truck firms have the advantage of very low import duties on new vehicles and spare parts (as in Botswana).

d. <u>Lack of skilled manpower</u>

The Ministries of Transport in many countries do not have enough experienced personnel to formulate practical approaches to implementing appropriate transport policies that address the financial and economic constraints discussed above, and to institute reforms in the planning and coordination of transport systems development.

e. <u>Political Constraints</u>

The sabotage of the SADCC corridors by insurgents is a problem over which transporters have almost no control. The SADCC governments are actively involved in increasing the security of the rail lines, and this protection is beginning to pay off.

3. <u>Progress and Potential</u>

SADCC initially assigned and maintains top priority for transport in its overall portfolio of programs. To coordinate the use of the existing transport system and the planning and financing of additional regional facilities, the Southern Africa Transport and Communications Commission (SATCC) was established in 1980 as the first technical committee established by SADCC, and was formally constituted as a Commission in 1981. The SATCC consists of about 15 staff and is the largest, best supported, and most effective secretariat in SADCC. During the 1980-1988 time period it developed an investment program for transport of about US$3.5 billion for 141 projects, representing abut 55% of SADCC's desired total investment program for the region.

According to the SADCC Annual Progress Report July 1987 - August 1988, US$1.9 billion (40%) of the cost of transport projects suggested by SATCC had been funded. SATCC has recognized that some elements of the original program may not be technically feasible or economically viable. Though it has not deleted those elements, it has added projects as progress in the earlier phases of rehabilitation has been achieved.

The most popular donor-supported projects are: (1) rail line track repairs--12 donors involved; (2) road rehabilitation--10 donors involved; (3) rolling stock rehabilitation--6 donors; and (4) port rehabilitation--6 donors.

The substantial investments made by the donors are beginning to reverse the trend, and traffic at some ports, notably Beira, has increased sharply. Total traffic still remains below that of the mid-1970's, however.

Areas where USAID and American technology have an advantage, and where there appears to be a gap in donor attention are: (1) technical assistance and training in rail and port operations; (2) road maintenance and road transport policy; (3) container terminals; (4) rehabilitation and provision of locomotives; (5) rail system workshop equipment; and (6) strategic studies and planning to address macro issues in transport, such as criteria for tariff structures, how to best stimulate the private transport sector, and how to estimate optimal mixes of transport mode and capacity.

4. <u>Strategic Objective</u>

The strategic objective of A.I.D.'s assistance is <u>to install capacity and improve efficiency in infrastructure that serves regional cooperation, provides access to regional and external markets and fosters economic growth</u>. The program will be concentrated in transport.

Although in the long run the potential for over-capacity on the region's transport network must be considered, the large number of serious short- and medium-term problems make the continuation of donor efforts to reinstall capacity vital. In fact, in almost no case in the current SADCC transport program is there a call for new capacity. Rather, the focus is on re-establishing the region's network to its former levels of basic capacity and operational efficiency. As described in previous sections, the former levels of capacity cannot be achieved without the rehabilitation and replacement of deteriorated infrastructure, including communication systems, equipment and rolling stock. This must be accomplished, however, in concert with programs to improve operating efficiencies, maintenance capabilities and the ability to cover the basic costs of transport.

Efficient transportation within the region is vitally important for economic growth and regional integration. The present high cost of transporting the region's commodities through the ports of the RSA, compared with the potentially lower costs through efficiently operating SADCC corridors, significantly increases the delivered price thereby decreasing the competitive position of the region's exports and imports. Those higher foreign exchange costs also represent a significant drain on the region's scarce resources.

The financial viability of the region's transport systems is essential. The need to sustain the efficiency of the new and rehabilitated systems over the long term will be of paramount importance. A key element in achieving financial viability, in addition to reducing operating costs through greater efficiency, is the development of a tariff structure that will cover costs. This means that the rehabilitated systems must be able to meet the recurrent costs of operations (fuel, maintenance, direct wages, etc.) and also the cost of medium and long-term replacement of assets such as locomotives, track and roadways.

Assistance to the transport sector will have a wide-ranging impact on other economic sectors, as the sector becomes capable of supporting industry, manufacturing and trade. Expansion of transportation flows on the SADCC system will also lead to traffic related employment generation. In the United States, for example, over 11% of the total civilian labor force is employed in transportation. Comparable figures are not available for the developing countries, but the U.S. example indicates the possible employment generating effects of the transport industry itself.

5. Elements of the Program

The transportation sector program will provide support in three principal areas: (1) a continuation of efforts to increase the capacity and operational efficiency of the region's railways systems; (2) a continuation and expansion of efforts to improve capacity constraints on the region's trunk road system; and (3) technical assistance to SATCC and the transport authorities in the region.

a. Rail Systems

Major areas of attention to rail systems will include locomotive power (rehabilitation, new stock, and operations management) and overall systems management. Tentatively, the rail systems in Mozambique and Zimbabwe have been identified as high priorities. With three of the region's four ports, it is critical that Mozambique has adequate locomotive power to carry international cargo. Zimbabwe, though landlocked, is not only the major country of transit to Mozambique, but is also the region's major potential user of SADCC ports. Infrastructural projects will continue to focus on rehabilitation and the development of maintenance capabilities, and training of staff. Improvement in transport communications will be considered, where necessary to improve the operational efficiency of rail systems (e.g., cargo tracking and wagon control systems).

Through six years of experience with transport projects in the region, A.I.D. has recognized that improvements to infrastructure alone will not be sufficient to develop and maintain the capacity required to carry the necessary volume of international cargo. Likewise, the provision of rehabilitated locomotives and new equipment will only temporarily lead to improved performance if fundamental changes in management and operational practices are not achieved. Therefore, during the RDSS period, it is proposed that a major effort be mounted to improve the overall management of rail systems in the region. Primary areas of concern include: (1) general systems management; (2) financial management and accounting; (3) planning; (4) systems operations; and (6) economic analysis and planning, including the review and setting of appropriate tariffs.

b. Roads

Although much of the region's international trade is shipped by rail, certain types of cargo can be more efficiently moved by road. An important road artery serving SADCC is the Tanzam Highway connecting Zambia with the port of Dar es Salaam, Tanzania. The importance of the road is evidenced by recent traffic counts showing traffic flows of 430 vehicles per day, of which 240 were heavy vehicles. Originally built with partial funding from A.I.D., certain sections of road require rehabilitation if traffic levels are to be maintained and transit times are to be economic. In addition, the road is in dire need of a sustainable and effective maintenance program. USAID/Zimbabwe intends to support the use of the Tanzam by assisting with the required rehabilitation and maintenance efforts. The impact on capacity will be significant and effective maintenance of the road will yield substantial user cost savings and reduce transit times.

The proposed program in roads will also include assistance to SADCC countries in establishing a comprehensive inventory of the region's roads and bridges network. With such an inventory in hand, SADCC nations will be able to take the next step toward improving operational efficiency, and establishing rehabilitation and maintenance priorities.

c. Technical Assistance and Training

Technical assistance and training in the transport sector will be selectively applied to transfer technology currently unavailable or inefficiently utilized in the region. This assistance will focus on the specialized areas of financial management and accounting, information systems management, purchasing, management development and mechanical operations and engineering. The provision of training and technical experts to improve the management, operations, maintenance and financial viability of the region's rail and road systems are integral components of all anticipated regional transport projects. However, a particular effort is anticipated to direct technical assistance to SATCC to enhance its ability to plan and coordinate investments in the transport sector.

The current financial/economic and institutional impediments existing in the transport sector will be the targets of our program. Critical issues to be addressed will include rationalizing tariffs, establishing uniform customs and licensing procedures in the trucking sector, and refining the financial analysis performed to ensure cost recovery. By designing and installing improved transport management information systems, and providing technical assistance to improve the methods employed to prioritize and screen projects, SATCC will be able to design a more economically competitive and efficient transport network which is responsive to the current and emerging demands on the region's transportation resources.

USAID/Zimbabwe has completed two major studies of the transport corridors serving the SADCC countries. The studies resulted in the identification and prioritization of transport projects based on such criteria as economic feasibility, regional impact and absorptive capacity. A program derived from these studies and illustratively recommended for implementation is listed in Annex I-E and fully described in Annex I-F.

6. Resources Required

The transport component will require $165 million in the FY 1991-1995 timeframe. Although the responsibility for project planning, including studies, will rest with USAID/Zimbabwe, implementation responsibilities and, in some cases, PID and PP designs will rest with bilateral USAIDs in the region. To manage the program, a second regional engineer will be required. One engineer should be located in the country with the greatest management burden, and one engineer should remain in the Harare office. A direct-hire or PSC transport planner must be added to the regional staff in Harare.

7. Impact Anticipated

The projects considered for inclusion in the 1991-1995 transport program focus on capacity building and efficiency objectives. As an important element of efficiency and the sustainability of project benefits; financial viability was also a major factor in selecting areas of emphasis, especially as individual projects were reviewed and grouped into the various rail and road sub-sectors.

Generally anticipated impacts will include:

Capacity

- increased availability of services
- improved reliability of services
- capability to maintain transport systems and, ultimately,
- increased use of SADCC systems, and decreased dependence on RSA routes

Efficiency and Financial Viability

- faster transit or turnaround times
- lower systems operating costs
- lower unit operating costs
- reduction in maintenance costs
- improved utilization of capital equipment
- improved management
- foreign exchange savings to SADCC countries
- increased income to transport systems
- ability to finance recurrent costs and replace capital
- lower unit maintenance costs
- improved transport planning, including national allocation of investment resources

C. SUSTAINABLE FOOD SECURITY

1. Background

The economies of the SADCC region are predominantly agriculturally-based. From 1980 to 1986, agriculture contributed 34% to SADCC's GNP, provided employment for approximately 80% of the labor force and contributed about 26% of total export earnings. Except in countries of the region with strong mining sectors, agriculture contributed about 60% to total foreign exchange earnings. Agricultural trade is most important in the total trade of Malawi (89%) and Tanzania (85%). A major decline in agricultural export revenues since 1980 has stemmed from the largest and most prolonged decline in commodity prices of the last thirty years. By 1982, real commodity prices were at their lowest levels since 1945. The consequent decline in export revenues has had serious implications for the economies of most countries in the region.

The agriculture sector, including the food and livestock sectors, in the region has performed poorly for the last three decades. This poor performance is part of an Africa-wide downward trend (see Annex II-A). Population growth rates continue to outpace food production; resulting in a severely negative per capita sectoral growth. This decline, which is heavily influenced by Mozambique and Angola, has been exacerbated by drought and destabilization in the region. Only Swaziland and Tanzania succeeded in increasing their per capita food supplies during the past 15-year period.

The decline in per capita food production has been offset by steadily increasing cereal imports which, for the region (including Namibia), grew at an annual rate of 6.94% from 1970-1984 to reach over 2 million tons in 1984/1985. This growth occurred even though Malawi and Zimbabwe achieved food self-sufficiency, reducing imports to those food stuffs not locally produced and registering substantial grain exports. Still, food aid to the region doubled in the period 1980/1981 - 1987/1988 to well over 1 million tons per annum (see Annex II-C). Increased demand for bread flour, as well as meat, dairy products and vegetable oil is a consequence of urbanization, but is fostered also by policies that subsidize food for the urban consumer.

It is generally recognized, however, that appropriate policies, backed by effective research, training and extension, and the necessary investment, could transform the region's agriculture sector as a whole and thereby enhance overall economic performance. Increased production of food and other crops combined with other reforms could both bring higher incomes to producers and induce greater consumption. Increased production could also result in increased level of exports and greater export earnings. Increased income to producers would, in turn, expand the demand for consumer goods.

The SADCC region in general has an adequate supply of basic productive resources for agricultural use: land, water and labor, though the burden of labor is heavy on the female population, especially in countries with significant labor migration to South African mines. The quality of natural resources varies throughout the region, with land and water under particularly heavy pressure. Also, forests are being depleted without reseeding and the expanding population fails to practice conservation. Of a total land base of 477 million hectares, 5% is under crops, 41% range land, and 33% forests and woodlands. At present 21% is considered unsuitable for agricultural use, given available technology and market conditions, or is urban. In Lesotho and Malawi most of the potentially arable land has been brought under cultivation. Botswana is considering the environmental implications of opening new land through irrigation.

Of the food grains produced in southern Africa, the most important is maize, with sorghum and millets being more important in the arid drought-prone parts of the region. An improved maize variety was developed over the 28 year period from 1932 to 1960. The adapted hybrid has had a major impact in Zimbabwe and Zambia and has contributed to their near self-sufficiency in maize production. Research programs have resulted in increased productivity rates for sorghum and millets, and issues of nutrition and acceptability to consumers are being addressed.

The SADCC region experienced a severe drought from 1982-1984 and again in 1987. Botswana experienced five consecutive years of drought from 1982-1987. Massive drops in production resulted in incredible income losses to farmers, businesses and governments. Zimbabwe in 1987, for example, produced only 40% of its 1986 production of maize. Fortunately, governments of the region and donors were able to respond on a timely basis with food grain distribution systems and programs to assist farmers in re-establishing their production base. Botswana, for example, has undertaken an excellent organizational effort to deliver food assistance to over 60% of its population.

2. Constraints to Development

a. Quality of Land

Arable lands in some countries are insufficient for agricultural production and grazing at current levels of production technologies. At the same time, population growth has led to the widespread use of marginal, more fragile lands for production and grazing.

Loss of arable land because of soil erosion is occurring at an alarming rate. For example, it is currently estimated that soil loss occurs at the rate of 50 mt per hectare per year in

Zimbabwe. Soil erosion is cited as a major problem in Tanzania, Malawi, Botswana, Lesotho and Swaziland. Successful watershed management, one potential way to reduce soil erosion, will require national commitment on the part of neighboring countries to achieve regionwide benefits and avoid natural disasters. Such commitment is not yet evident. Public and private attention has only begun to focus on the potential for development of the major watersheds of the region.

The rate of deforestation in the region is increasing. Some deforestation is a result of population pressures and increased demand for farm land, but another major factor is the harvesting of fuelwood which is expanding at a very fast pace. Current estimates indicate that large areas of the region will be completely deforested within 30 years. Reforestation programs to replace wood harvested for fuelwood are woefully inadequate.

The delicate balance required for ecosystems to operate in southern Africa are also in danger. The preservation of biological diversity is not widely valued among poor rural populations attempting to make a living from marginal agriculture. In fact, no major biodiversity program focuses on the region's irreplaceable wildlife resources, although there are some biodiversity programs directed at maintaining plant resources. As yet, there is no real economic incentive for people living in rural wildlife areas to maintain the unique natural resource of wildlife. The process of identifying economic returns to management of wildlife has only just begun, largely among large commercial farmers and natural resource specialists.

In sum, although the degradation of the land taking place in the region is less obvious than the dramatic desertification occurring in the Sahel, it is just as serious a threat to the sustainability of agricultural production in the SADCC region.

b. Technology

For food crops, there have been historically insufficient agricultural research and extension activities in the region. The region does have an acceptable history of export oriented agricultural research (tobacco and cotton) and the experience in maize is very positive.

Research is dependent on a diminishing pool of expatriates (See Annex II-D) and research is lagging behind the demand for new technologies. In order to expand the research agenda into important new fields, the research institutions in the region need to increase the numbers and improve the quality of the staff and facilities available. The expanded research should include work on crops grown by farmers in marginal areas as well as more work on cash, export and industrial crops.

Marginal area crop research is generally high in risk and low in economic return, but is justified on equity grounds and potential value in protecting the environment. The research agenda must include the development of land use and management technologies necessary to address the myriad environmental problems that threaten the region's agricultural and natural resource base.

c. Human Resources

Labor required to farm the arable land and work the region's livestock is generally available in sufficient quantities. However, the quality of that labor supply varies widely. Few of the region's farmers and ranchers are formally trained in what they are doing. In those areas where off-farm employment is important to family well-being, it is usually the men who are absent and the women who are left to farm the land and manage the livestock. Women are much less likely than men to have received any kind of formal training or to benefit from extension services.

Meeting the agricultural challenges of the decades ahead requires trained agricultural personnel at all levels. Each country in SADCC has one or more agricultural training facility offering either or both a university degree and a college diploma. Agricultural training programs must be both appropriate and effective if local scientists are to overcome the technological problems of their countries and the region. Specialists in practically every field of agriculture will be required over the next decade (see Annex II-E), but the fields related to natural resources conservation and management are currently represented least. There simply are not enough trained personnel to address the region's complex natural resource problems.

In addition to the constant unmet demand for trained agricultural professionals required by universities and government research institutes, the demand for a regular supply of professional and technical agriculturalists by the private sector is also increasing rapidly, as dramatically shown in Annex II-E. This need is primarily for technical specialists of both sexes who can be trained through certificate and diploma programs. As governments continue to foster an economic environment which unshackles the private sector, this demand will continue to grow, especially in the areas of agricultural marketing and commercial management of agribusinesses. This places an ever increasing burden on the agricultural faculties of the region to increase their numbers of graduates. This burden will fall primarily on facilities offering undergraduate programs leading to certificate and diploma degrees.

d. Capital

Capital is generally not available to the majority of producers in the region. Whether this may be a result of systemic or temporary illiquidity in some areas, the problem more generally experienced by producers is lack of access to sources of capital. The more established commercial farmers and ranchers of the region can meet their needs for capital either by reinvesting profits or by accessing the formal banking sector for credit. These investors generally are those producing crops or livestock for cash and export. They generally manage larger, well-established operations. At any rate, they meet the minimum criteria for entry into the formal credit market: they have adequate collateral, credibility, and contacts.

The majority of the producers in the region, however, work smaller operations. Many are located in the traditional areas; many manage marginal operations that may produce a small cash income in addition to providing for the family subsistence. Generally, these operations produce food crops and manage a small number of livestock. The producers themselves usually do not have possessions that can serve as collateral, especially if they are women. They generally do not possess the skills necessary to produce investment plans, calculate credit requirements, evaluate the cost of credit, or fill out the extensive documentation required to receive consideration for a loan. They rarely have "contacts" within the formal system. Where there are special government lines of credit, programs, or agriculture banks targeted to small scale operators, these generally exhibit a good portion of the malaise of such institutions world-wide. Repayments rates are low, and loans are rescheduled repeatedly. Inefficiencies in the credit allocation and delivery process inflate the costs of administering credit, and many institutions cover their costs only through government subsidy. What is more, they rarely reach large numbers of small-scale operators, in spite of their operating principles. In short, small-scale producers are generally outside of the formal financial system, and unable to access credit.

e. Input Supply

Existing input supply mechanisms are generally very inefficient and coverage is spotty. Larger, commercial producers generally do for themselves, and small-scale operators choose from what is available. Effective demand among the small-scale producers, however, is constrained by generally low incomes so modern productive inputs (e.g., fertilizers, pesticides and herbicides, etc.) are rarely in great demand. Demand is also constrained by lack of knowledge in the use of modern inputs. And even if effective demand were to increase dramatically, existing transportation and distribution systems would have to be improved.

f. Marketing Services

Marketing services are, in general, very inefficient. Where there are government marketing boards, intervention generally is high in public cost and distorts market price relationships. Private marketing channels are inhibited by the state of the region's transport infrastructure which is inadequate. Attention is being given on a regional basis to the major transport corridors to the sea. Within countries, however, the network of farm to market roads is not adequate nor well maintained. There is an increasing problem with the availability of trucks and spare parts as well as the necessary maintenance for these vehicles.

g. Policy Environment

Most of the governments of the region have price controls in place for, at a minimum, basic food crops. These controls tend to discourage production at the full level of potential. There has been a tendency to extend price controls throughout the agricultural system to include input prices and transport and food processing prices.

The entire system has thus become administratively determined, and farmer's production and investment decisions are directed more by political decisions than by market factors. Climbing out of the policy morass will be difficult, at best, for the SADCC region. To accomplish it will take a great deal of careful study and policy reform planning. To begin with, the combined effect of pricing policies and those more general economic policies that have impact on agriculture will have to be thoroughly examined and understood before they can be addressed.

h. Socio-cultural Context of Production

The largest socio-cultural constraint to increasing production on smaller farms, especially in the communal areas, is the generalized misunderstanding throughout the agriculture sector of the demographic make-up of the producer sector. Neither governments nor scientists, researchers nor extensionists, input suppliers nor marketing agents nor banks understand that among the small-scale producers, women constitute a great number of the de facto farm managers and make up a sizeable portion of the labor force. Until this is understood, and agricultural strategies throughout the agricultural system are substantively revised to account for this fact, the vast majority of small scale operations will become further marginalized, and overall production, especially of food crops will suffer.

i. Natural Disaster

The drought years experienced by the region during the past decade have highlighted the lack of protection that the region has against drought. There is very little supplementary irrigation or dry season irrigation.

j. Political Instability

The political instability of the region, particularly in Angola and Mozambique, has had a major negative impact on agricultural production as well as on the availability of related services.

3. Progress and Potential

Agriculture, together with transport and communications, has received highest priority within SADCC programs. Natural resource issues, particularly the growing depletion of firewood and soil erosion, and their impact upon the environment, are of increasing concern. Wildlife management is also a growing concern especially in areas with poaching problems.

The sector coordinating unit for agricultural research (SACCAR) located in Botswana has been effective in identifying key regional problems to address through research to reverse the region's declining per capita agricultural production. Cooperative work among scientists has brought about exchanges of ideas, procedures and planting materials. The interim evaluation of SACCAR by its donor supporters (September 1988) noted its success in contributing to strengthening national agriculture and natural resource research and training institutions.

Animal production and disease control activities lend themselves very well to regional, or cross-border cooperation, because of the need to maintain a disease free environment to protect export markets in Europe. There has been active support to the programs from the EEC and individual European countries.

A beginning has been made in exchanging agricultural data in conjunction with the food security programs led by Zimbabwe. Initially the Food Security coordinating unit identified the need for agricultural information on a region wide basis to make possible a regional early warning system. These networking activities have been supported by multilateral organizations. In addition, in a logical reaction to drought conditions that gripped the region during the 1980's, the Food Security unit has supported a wide range of production projects in member nations. Donor support for these programs has been on a bilateral basis.

The Food Security unit is now in the process of reassessing its portfolio. Attention is turning to broader policy issues that affect the region's food security. With A.I.D. support work has been initiated to address issues such as market liberalization and its impact upon household food security. The Food Security unit has also begun to address the demand side of the food security equation and to assess the incidence of malnutrition as an increasing problem even in the wealthier countries. An important evolution in food related objectives has taken place within the region. From an initial desire to achieve food self-sufficiency in each member nation, the stated goal has broadened to include the ability to obtain food through trade as a component of overall food security. As the Food Security unit turns to broader agricultural policy issues within the region, it will be able to get agricultural policy issues and recommendations onto the agenda of decision makers.

To deal with natural resources questions the subsector units of SADCC in Lesotho and Malawi have convened periodic workshops to discuss natural resource issues of regional interest, but there has been little progress in mounting programs or sharing lessons in resource management. There is a growing awareness, due in part to the severity of recent droughts in the region, of the importance of the natural environment. Among those exposed to the issues there is general agreement on the need for good land use planning, improved farming practices, better watershed management and, in particular, improved management of livestock and wildlife resources.

Important, but very preliminary work has been undertaken to develop a Zambezi river system action plan (ZACPLAN) in view of the dramatic increase in settlement of the river valley. This plan will encourage a regional approach to watershed management by member nations and donors as the Zambezi river system watershed extends from Angola to Mozambique and includes seven SADCC nations.

Significant progress has been made in agricultural research as the low and declining productivity levels throughout the region have attracted regional and donor attention. Regional research projects supported by A.I.D. and other donors are underway in sorghum, millet, beans, peanuts and open-pollinated corn. Research progress is already in evidence, and at least one improved sorghum variety has been released and is being grown and distributed by a commercial seed firm.

The agricultural research program, especially that portion dedicated to food crops is supported by several donors, including the United States. The close involvement of international agricultural research centers in implementing the regional research agenda enables the region to access a wide range of improved varieties of planting materials from throughout the world. During the next few years, with appropriate dissemination of research efforts, Tanzania, Zambia and Zimbabwe will produce sufficient food stuffs to feed their rural populations, to sell to expanding urban consumers and to export. New seed varieties will be important in increasing production levels in Malawi and Lesotho where most arable land is under cultivation. Only by applying better technologies to achieve better productivity will production increase.

In October 1986 the SADCC Sector Committee of Ministers for Agriculture and Natural Resources gave SACCAR the responsibility to review the needs for post secondary level training. A plan was drawn up by regional representatives of governments and universities, and there has been strong donor interest in the proposed program to strengthen departments and faculties of agriculture. The United States along with the World Bank, West Germany, Canada and Denmark will continue to work within the region to support further post-secondary level agricultural training under strong leadership by SACCAR. The SACCAR approach includes maximizing resources by developing selected departments and institutions in specified subjects. Specialization could be at either post-secondary technical institutions or at the national universities, and would be based mainly on existing predominant capabilities and strengths in agricultural and environmental disciplines.

Coordination among donors through SACCAR is strong and functioning well. U.S. activities in agricultural research are actively supported by Canada and West Germany. Agricultural and natural resources training is of interest to a number of donors in addition to A.I.D., including Canada, West Germany, Denmark and the World Bank. The EEC and European bilateral programs have been active in supporting animal production and disease control programs. U.N. agencies have supported agricultural information activities within the Food Security sector. The U.N. agencies have also been active in encouraging initial awareness in natural resource management, for example, in the development of the ZACPLAN. Expansion of these initial activities will require further assistance by bilateral donors.

4. Strategic Objective

The strategic objective of A.I.D. regional assistance to the agriculture and natural resources sector is to strengthen the potential for sustainable regional food security through increased agricultural productivity and improved income.

The A.I.D. strategy in the SADCC region sets the stage for real increases in agricultural productivity and production thereby increasing both the availability of food and incomes throughout the region. The combined effect of increasing both production and incomes results in more flexibility at the national level to achieve food security: increased production reduces the likelihood of food emergencies, and increased incomes augment the capacity of nations and individuals to purchase food requirements either domestically or internationally. In committing itself to this regional objective and specific target, however, A.I.D. recognizes that regional resources are most efficiently used for programs that result in the development and regional adaptation of technologies that improve the natural resource base, thereby improving or maintaining the quality of the land resource, and that increase the productivity of food, domestic cash and export crops and livestock. The dissemination of technologies to farmers, especially small-scale operators, including women, and the subsequent adoption of new or adapted technologies by farmers cannot be accomplished efficiently at the regional level. Hence, achievement of a regional objective of food security depends ultimately upon the successful application of productivity increasing technologies within nations at the farm level.

To be sustained over the long term, increases in agricultural productivity will require conservation of the land resource and biological bases upon which ecosystems currently function. Deterioration of the soil base and destruction of the ecosystem impact negatively on productivity, and eventually on overall production levels. Environmental degradation is often irreversible. To ensure that this does not occur, the management of natural resources throughout the region needs to be improved.

Governments and people in the SADCC region are recognizing that an improved resource base (one suffering minimal damage from erosion and benefiting from well managed use of forests and grazing lands) will yield improved production, and they are becoming increasingly concerned at the loss of the region's productive base. The opportunity for SADCC countries to make a significant impact upon its sustainable use appears to be great, but will require a concerted effort at planning for the mutual good and a substantial amount of human and financial resources. U.S. participation in resource management programs will encourage and reinforce cooperation by member countries. A number of interventions can be made on a localized basis, but the respective sector coordinating units will require strengthening to assist in the development of cross-national plans, to disseminate results of regional as well as local efforts, and to reinforce and replicate successful programs throughout the region.

At the same time, the development, adaptation and introduction of modern, higher yielding technologies is basic to achieving productivity and, ultimately, production increases in the agricultural sector throughout the region. Specifically, the development of appropriate varieties with subsequent distribution systems will improve the region's agricultural production base.

Major economies of scale can be gained from conducting crop research on a regional basis utilizing the skills and genetic stocks of the appropriate international agricultural research centers for basic research and national institutions for dissemination. A regional research center can screen varieties and develop procedures that would not be cost effective to develop and test in each country. The peer review of activities and programs within the SADCC region, and the observational tours of regional research programs by research scientists have served to upgrade the quality of work being undertaken in national research programs. Opportunities for success with sorghum and millet research are good now, and new research on other key crops for smallholder farmers (beans, peanuts and open-pollinated maize) should follow in the RDSS period.

Research also has a role in the development of agricultural policies that effect agricultural commodity markets. Since U.S. interests support mutual cooperation for economic growth and development throughout the region, it is appropriate that certain of the policy options facing governments with respect to their commodity markets be examined on a regional basis. Policy work being done in the region becomes more credible when policy options are studied and recommended as beneficial to the development of the region as well as to the national economies.

5. Elements of the Program

A.I.D. will contribute to the achievement of the strategic objective by implementing programs in three broad areas: agricultural research, agricultural training, and natural resources management. Other constraints to increasing productivity and accelerating economic growth in the agricultural sector are largely beyond the scope of what can successfully be accomplished at the regional level. Problems of access to capital for agricultural investment and production, agricultural inputs and marketing services are generally more appropriate for intervention at the national, or even subnational level.

a. Research

The research program will address basic food crops as well as export and cash crops. Within the food crop category, the program will initially concentrate on basic foods for which research is already well underway.

The sorghum and millet program has established a series of trials with plant characteristics that are appropriate for the various countries in the region such as drought tolerance and cold tolerance. It is expected that a number of improved cultivars will be available and established during the RDSS period, 1991-1995. The United States, together with Canada, Germany and others, will continue to support basic food crop research and open-pollinated maize will be added to the program as long as research continues to provide useful results. The seed distribution and crop utilization systems will be examined to determine if there are opportunities for intervention with private sector firms to assist with the dissemination and utilization of research results. Consumer uses of the improved varieties will be expanded by extending the results of operational research to female heads of households, institutional kitchens and commercial food processors. Expanded research on peanuts and beans will follow with other crops, especially those with export potential, to be initiated during the RDSS period. Continued support will be given to SACCAR based in Botswana which offers excellent regional leadership in planning of research.

Research which treats agricultural policy issues facing the region is an effective complement to national policy discussions. Support for work on agricultural policy issues that affect both the overall economy and the nutritional levels of households will be provided through the Food Security Unit. The unit has provided an effective forum for regional policy makers and economists to discuss major policy issues. Work on market liberalization is underway in Tanzania, Zambia, Malawi and Zimbabwe. Policy work in the near future will address rural production and employment policies, household food security and nutrition, and investment policies in irrigation.

b. <u>Human Resources Development</u>

Several countries in the region are in a position to establish degree level training in crop science, animal science, agricultural economics or agricultural engineering. These degree programs (at both B.S. and M.S. levels) will be enhanced through a regional strategy developed by SACCAR to strengthen the post-secondary agricultural and natural resource training institutions of the region, with an emphasis on national specialization rather than generalization. The U.S. part of the program, to begin in 1989, will emphasize development of strong academic programs for both men and women to meet both private and public sector requirements as well as improvement in the teaching and training of scientists. Support will be focused at degree, diploma and certificate granting institutions depending on the results of further needs analyses.

Support will be given also to development of curricula for new areas of technology such as horticulture, biotechnology and natural resource management. An important new area of emphasis will be the business of agriculture. Programs in agricultural marketing, trade and management will be developed at selected institutions to prepare students for employment in the private sector. Such support will be focused primarily at undergraduate levels but will include graduate programs where appropriate.

c. Natural Resources Management and Conservation

The Zambezi river system traverses the heart of the SADCC region. The sound management of this major resource will require the coordinated effort of seven of the current SADCC members as well as Namibia. U.S. assistance to the new Zambezi Action Plan (ZACPLAN) will be considered to the extent that it can focus on land and water issues. The dissemination of small scale irrigation activities throughout the region will be considered, as will other appropriate uses of resources. Overall, A.I.D. would limit its involvement to development and dissemination of environmentally sound small scale uses of the Zambezi basin's significant resources since other donors are expected to focus their efforts on harnessing the water supply and other major development efforts. The A.I.D. approach will reach the female residents of the basin who play such an important role in production and in educating the family.

Soil erosion and deforestation are major problems within the region. So far, cost effective, national approaches to these problems are limited, and regional approaches have yet to be developed. However, concern is growing. Zimbabwe and Zambia have developed national conservation strategies; Botswana is in the process of approving a strategy and action plan; and Lesotho is addressing the problems stemming from overgrazing. Selected support will be given to the development of national plans, and to implementation of regionalized elements of strategies adopted.

Finally, wildlife is a resource unique to Africa and the region. As marginal lands are converted to agricultural uses, various species will be threatened. In recognition of the need to maintain biodiversity in the region, the U.S. will support the development of new approaches to achieving a satisfactory coexistence for man and wildlife. Some promising, commercially based pilot programs which simultaneously conserve and economically exploit wildlife resources will warrant replication and, possibly, dissemination throughout the region over the RDSS period. Such programs will include conservation education, wildlife management training pilot activities to demonstrate viable practices and information exchange and monitoring.

6. Resources Required

The estimated cost of the agricultural and natural resources program during the 1991-1995 RDSS period is $90.0 million, allocated as follows among the program areas:

	($000)
Agricultural research	35,000
Agricultural human resource development	15,000
Natural Resources	40,000
Total Resources Required	90,000

No additional U.S. direct hire staff will be required for the regional program. The agricultural research component of the strategy will continue to be managed by the agricultural development officer in USAID/Zimbabwe in coordination with his counterpart in USAID/Gaborone where the sector coordinating unit (SACCAR) is located. The agricultural training component of the strategy will be managed by USAID/Botswana and, as appropriate, by other USAIDs in countries where support is being provided.

The natural resources component will require services funded by the Regional Natural Resource Management Support Project of the Africa Bureau for about three years beginning in 1991.

7. Impact Anticipated

a. Research. Progress in achieving its strategic target of accelerating agricultural technology development will be measured by A.I.D. in terms of the following program level benchmarks:

(1) New technologies will have been developed, as follows: (a) seeds and cultivars, (b) irrigation and water management technologies, and (c) diversification technologies.

(2) The rate of on-farm adaptation and adoption of new technologies, and their dissemination to women farmers, will have steadily increased over the RDSS period.

(3) General productivity across the region, for targeted crops will have increased by the end of the RDSS period.

(4) Food aid levels and commercial imports of basic food commodities produced in the region will have decreased steadily over years of comparable rainfall during and beyond the RDSS period.

b. Human Resources Development. A.I.D. will expect to achieve a measurable increase in the numbers of trained male and female agriculturalists working at professional and technical levels in technology development and adaptation.

c. Natural Resources Management. A.I.D.'s interventions to improve natural resources will collectively achieve the following impacts:

(1) The number of organized initiatives in natural resources management will have significantly increased.

(2) The value of output from "managed" lands will have increased to a percentage of regional GDP by 1995.

(3) A number of public policies will have been revised by national governments to provide herders and farmers incentives for sustainable natural resources management practices.

(4) The actual number of voluntary users of natural resources management practices will have increased significantly.

(5) The rates of soil loss and siltation in rivers and dams in target areas will have been reduced dramatically.

D. STIMULUS TO TRADE AND ENTREPRENEURSHIP

1. Background

Reliable trade data is difficult to obtain in Southern Africa, partly because South Africa does not disaggregate its data for African trade. However, estimates indicate that total SADCC exports during the 1983-1986 period were approximately $21.7 billion, of which $950 million, or 4.4% of the total, was intra-SADCC trade. That trade, dominated by Zimbabwe with about three-quarters of the total, is far less important than trade with South Africa. South Africa's economic influence in the region is reflected in the fact that more than 30% of all imports to the region originate there. The economies of Botswana, Lesotho and Swaziland are most dependent on that trade but Angola and Tanzania have virtually severed all South African trade links.

Primary products dominate SADCC's exports. Angola's economy is highly dependent on the export of crude oil; Botswana and Zambia on minerals; Malawi and Tanzania on agricultural exports. Lesotho, Swaziland and Zimbabwe have both agricultural and mineral exports, but Zimbabwe is the only SADCC state to export significant volumes of manufactured goods.

Meat, sugar, wood pulp and above all, minerals and base metals account for more than 75% of SADCC exports. The one manufacturing industry to feature strongly in exports is textiles, accounting for 8% of the region's total.

By contrast, manufactured goods (including refined oil) make up some 95% of imports to SADCC states taken as a whole. The balance consists of crude oil and food. Import dependence is highlighted by the fact that when exports are deducted from domestic industrial production, the total supply of manufactured goods is equivalent to only 54% of domestic consumption. Three categories of imports: machinery, transport equipment and fuel, comprise half the regional imports of manufactured products. In this situation, endogenous industry is targeted on domestic demand rather than export markets and the export of manufactures tends to be an essentially residual activity.

The nine SADCC countries operate within different and overlapping trade regimes encompassing three multilateral entities: the Southern African Customs Union (SACU), the Preferential Trade Area (PTA) and SADCC itself. Two SADCC states, Lesotho and Swaziland, belong to all three regional economic associations. Yet in spite of these efforts at regional cooperation and preferential consideration, intra-SADCC trade represents a small and declining proportion of overall trade.

Trade outside of the region has also experienced a relative decline in the 1980's with SADCC exports falling 25% from $6.8 billion in 1980 to $5.1 billion in 1986. This nominal decline in value is due in part to the decline in value of SADCC country currencies against the U.S. dollar during this period, but can also be ascribed to declining commodity prices, periods of prolonged drought and the destruction and destabilization of regional transportation linkages.

SADCC has long recognized that a lack of trade, especially among its members, contributes to its dependence on South Africa and the rest of the world and negatively influences growth and development. Industrial development, similarly, is viewed as a regional issue, on the assumption that economies of scale can only be achieved by reaching markets larger than those of individual nations.

The sharing of regional production through intra-SADCC trade has been a cherished goal of SADCC. In pursuit of this goal, the initial approach was to consolidate and rehabilitate infrastructure as a pre-requisite to trade in regional production. Thus, the first years of SADCC activities were focused primarily on improving regional systems of transport and communications.

Infrastructure development programs having achieved a certain momentum, by 1984 SADCC began actively to seek donor assistance to support industrial projects with intra-regional trade potential. The evolution of SADCC priorities towards increasingly more pro-active encouragement of productive sector development was further evident in 1987, when SADCC gave the Industrial Sector Coordinating Unit explicit responsibility to promote trade, particularly intra-regional trade. At the Annual Consultative Conference held in Gaborone that year, this refocusing of SADCC priorities was highlighted in a keynote speech which stated "... SADCC is embarking on a new phase of cooperation, the objective of which is substantially to increase the levels of material production in the region and to stimulate increased intra-regional trade." This emphasis and recognition of the need for fundamental rethinking and shaping of industrial and trade policy has been echoed in the themes of SADCC's Consultative Conferences since 1986. Specifically, these have included: "Investment in Production," "Development of Infrastructure and Enterprise," and, in 1989, "Productive Sectors--Engine of Growth and Development."

The Council of Ministers instructed the SADCC Secretariat in 1987 to investigate the possibility of relieving two major constraints on expanded trade, through a series of national export revolving funds and through a regional export credit finance facility. Those studies indicate the feasibility of both approaches, but implementation must await an approval process within SADCC. In separate investigations of the feasibility of a regionally organized export revolving fund, A.I.D. has concluded that the unmet demand for foreign exchange for inputs to export production is not as great as originally assumed and that countries which are undertaking economic reforms will achieve better results and greater donor support through those reforms than through export funds per se. Donor support on a matching basis to capitalize a regional export credit insurance scheme is a possibility, as is U.S. support for the institutional mechanism of such a scheme.

Over the period 1980-1986 intra-SADCC trade dropped from 7% to 4.5% of member countries' total exports and imports fell from 30% to 24% while the same countries' trade with South Africa averaged 6-8% of exports and 30% of imports. Trade between SADCC and the rest of the PTA members in Africa has likewise been relatively small, and mainly between neighboring countries. Reasons for this situation include lack of complementarity among economies of the region, lack of industrialization, transport bottlenecks, misalignments of exchange rates leading to scarcity of foreign exchange, and weak trade structures (lack of credit, small markets, inward looking trade policies, lack of information).

SADCC's agenda has concentrated on stimulation of trade within the region and support for regional production. Yet intra-SADCC trade is stagnant to declining. The role of trade with South Africa and the world will remain significant. SADCC, therefore, is faced with the necessity to formulate a new strategy for trade and industry which encompasses a broader mandate to increase trade within the broader region and beyond. Although the Programme of Action continues to assume industrial specialization within the region, there is some recognition in SADCC that additional production will largely depend on market decisions by private investors, domestic and foreign.

2. Constraints to Development

Prospects for increasing SADCC trade, both intra-regionally and with the outside world vary with the diversity of the economies of member states and national macroeconomic conditions. The range of political ideologies and modes of economic organization is considerable in the region, as is the level of overall economic development.

Nonetheless, in spite of their evident diversity the countries in the region share important macroeconomic constraints. For example:

Trade patterns are dominated by a dependence upon the export of primary goods to generate foreign exchange for the importation of capital and intermediate goods. The regional economy is thus in a position of subservience to market forces exogenous to the region. The effectiveness of trade policy options will be limited as long as the exported product mix remains constant. Moreover, the region's capacity to expand exports is constrained by structural and policy factors. Agriculture, for example, suffers from low productivity, high transport costs and generally inappropriate incentive structures.

The national units of SADCC are economically small. In order to realize economies of scale in the manufacture of internationally competitive goods SADCC member states are forced to look outward. Yet industrial policy in the post-colonial era throughout the region has reflected an inward-looking focus on import substitution. This policy orientation has resulted in widespread inefficiency in manufacturing, unused industrial capacity and the necessity for government subsidies and restrictions on imports. Moreover inefficient import substitution has led to excessive levels of protection and over-valued exchange rates within the southern Africa region generally. These conditions have inhibited growth of productive activity outside of the subsidized and publicly managed producers and have exacerbated revenue shortages and excessive government deficits.

With the exception of Botswana, the countries of the region are experiencing negative balance of payments leading to accumulating debt service requirements and deteriorating conditions of access to world capital markets.

Insurgency in Mozambique and Angola constrain exports by damaging or destroying necessary transportation links and infrastructure and discrediting the reliability of the SADCC suppliers. In several countries, neglect or wholesale destruction of manufacturing capacity has created a need for industrial rehabilitation on a large scale before export promotion can succeed.

Exogenous factors, particularly the severe impact of the world recession of the early 1980's and a long-term decline in the prices of commodities produced within the region has also constrained economic growth. To compound matters further, while growth rates have been constrained and debt levels rising precariously, net inflows of concessional resources have been stagnant to declining.

3. Progress and Potential

The reality of this continuing harsh economic environment and an increasing awareness of the limitations of past economic policies have brought about some movement toward restructuring of economic policy. A recognition that growth cannot increase without access to additional resources, many of which must come from outside investment, has led to a somewhat more receptive climate for constructive policy adjustments.

The common constraints to trade promotion and economic development create an increasingly transparent need for economic policy reform. Though the leadership of SADCC recognizes the need for, and urges steps toward economic reform, responsibility for reform lies with the member nations, not with SADCC. The policy moves take place on a national level by individual SADCC member states with support from the IMF, World Bank and bilateral donor agencies. The nature of the policy measures emerging from national decisions have been remarkably constant across national boundaries. Generally speaking, policy prescriptions have included:

- the need to loosen state controls on industrial activity and to allow market forces to predominate;
- the need for an outward-looking orientation to manufacturing with an emphasis on production for export employing a maximum of domestic inputs;
- the need for privatization and restructuring of inefficient state-owned industries;
- the need to encourage the development of innovative small-scale enterprises and entrepreneurship through the provision of credit facilities, technical assistance and financial incentives.
- the need to shape incentives to encourage investment in the region, and exports from the region, using such tools as tax policy, tariff regimes and free trade zones.

All SADCC member countries have undertaken some economic reform measures. These have included: adjustments in exchange rates and interest rates, reductions in direct government intervention in the economy, efforts at divestiture from parastatal industries, freeing of controls to allow prices to play a larger role in resource allocation and provision of incentives to productive activity and to encourage greater domestic and foreign investment.

The prospect for continued constructive economic policy reform appears to be favorable though implementation will be slow and set-backs will occur. Reforms are not enacted without social costs to the majority of the population, particularly in the form of higher domestic prices as government subsidies are reduced or removed and exchange rates are brought into closer approximation to a market clearing level. Reforms are also liable to vocal opposition from elite groups of industrialists who fear the loss of their protected status and the rigors of competition. Yet, thus far, countries which have begun to introduce significant reform measures (notably, Malawi and Mozambique) appear to be "holding the line", with the support of donors that have contributed resources to assist them through the difficult adjustments required.

The development strategies embraced over the past two decades by most SADCC member countries, as well as the trade and industry sector strategy of SADCC itself, demonstrate a predominantly inward-looking belief in expansion of national and regional self-sufficiency. This view has been driven by the region's colonial background, the confrontation with apartheid South Africa, and a belief in Government as a primary source of economic direction and management. Only since about 1984 have countries in the region begun to look outward, though hesitantly, to reduce government involvement in their economies, and to reappraise long held models of national and regional development.

From its founding in 1980 until 1987, SADCC placed primary emphasis on infrastructure development and agriculture. No specific program of action was instituted for industrial coordination until 1983, or for trade stimulation until 1987. Up to 1986 SADCC argued that production was to push trade and the prerequisites for production and intra-regional trade had first to be put in place: transport and communication facilities, critical inputs and managerial personnel.

By 1987 the realities of scarcity of public resources caused a dramatic refocusing of SADCC strategy toward encouragement of investment in production and the addition of trade to the industrial sector portfolio. Since then, however, investment in industry has not accelerated and, although there has been useful dialogue with the private sector on the need to stimulate trade through policy reform as well as specific programs, a coherent program to promote trade is yet to be developed.

Activities of the sector unit responsible for industry have led to little analysis or action. Philosophically the approach to stimulate trade and encourage industrial development has embraced measures to increase intra-regional trade (as through information systems, preferences for regional products and bilateral agreements) and to share industrial production capacity through specific strategic investments. The sector unit has considered various approaches to dissemination of trade information, but so far without significant results.

With A.I.D. support, SADCC's central Secretariat has launched studies of several schemes, each aimed to alleviate the major perceived symptomatic restraint on trade, namely shortages of foreign exchange. Moreover, the Council of Ministers has acknowledged the need for member countries to improve their overall economic wellbeing through policy reform. A.I.D. initially has concentrated on helping SADCC and its members understand the fundamental nature of the trade question and the need to create a policy environment conducive to economic growth and trade. The time is now ripe for programs to support such moves.

4. Strategic Objective

The United States assistance program will seek to stimulate trade and entrepreneurship.

Southern Africa must expand trade with all nations, within and without the region, so that exports can serve as an engine of growth. As total trade expands, rational pricing and the market will govern the direction of trade, both within the region and without. In an efficient market, where locational advantages and competitive pricing tip the balance against imports from the rest of the world, intra-regional trade will expand. This expansion will accelerate as transport is improved and as national policies remove impediments to trade flows among Southern African economies.

The U.S. program to stimulate trade and entrepreneurship will therefore encourage and support actions leading to increased foreign exchange earnings through trade in all directions and will promote wider private sector participation in market activity. Improved export performance will increase available national and regional resources, thereby stimulating levels of economic growth and providing conditions amenable to development. Greater private sector participation in the region's economies will improve levels of efficiency which will benefit the region's population through lower pricing and, more importantly, will generate foreign exchange through more competitive pricing of locally produced goods on world markets.

SADCC has already recognized the problem of stagnant trade and the necessity to promote exports as the catalyst for GNP growth and economic development. SADCC needs a supporting framework for considering how best to help stimulate trade and industrial development. A.I.D. can provide leadership discussion of the impact of reform and in generating recommendations for new approaches at the national and regional levels. A.I.D. can also provide financial and technical support to measures that are appropriate for each economic context.

5. <u>Elements of the Program</u>

The trade and entrepreneurial stimulation program proposed for the period 1991-1995 has two elements. One focuses on trade itself by helping the SADCC group of nations reduce barriers to expanded trade and by providing support to individual member countries in their national efforts to stimulate trade and gain foreign exchange. The second will encourage the growth and maturation of the private sector through improved policy climates and through assistance to entrepreneurs with export objectives. Both elements build on the general trend in the region toward economic reform, the more outward-looking policies being adopted and the growing appreciation of the role of private activity, both domestic and foreign, in providing the necessary resources to pursue growth and development. As the timing and content of reform varies from one country to another, the appropriate USAID support will be tailored to each country situation. The program mechanisms will be regional in nature, each providing principles and criteria to guide commitment to national efforts. Any participating SADCC nation will identify the particular tools of trade and entrepreneurial stimulation that are most appropriate for its current economic and political status.

a. <u>Trade</u>

Every country in SADCC could benefit from a program of deliberate trade stimulation. But the countries vary in economic conditions, progress in policy reform, and requirements for promotion of growth in trade. Thus, an "umbrella" trade stimulation program oriented towards assistance to all countries in the region but allowing for a tailoring of programs to the specific needs of each member country, will be the key element of the U.S. strategy to support economic growth through trade.

Under this program concept countries receiving U.S. assistance will be able to seek U.S. help in implementing those measures, selected from among a number of trade promotion options, that are most appropriate for the macroeconomic conditions and policies prevailing in their respective countries. By itself, the encouragement of intra-regional trade through import substitution results in price distortions stemming from import protection and a skewed duty structure. What A.I.D.'s approach will not do is place up-front the illusive goal of directly stimulating intra-SADCC trade; an undertaking which has not proven viable in previous years and which can only happen as countries change their economic structures to achieve greater complementarity. If SADCC and other donors choose to continue to focus primarily on intra-SADCC trade stimulation, A.I.D.'s trade stimulation program will still be indirectly supportive of the SADCC goals but will emphasize a different path to achievement.

The program will establish the rationale for a variety of potentially effective trade promotion measures (a matrix of options is set forth in Annex IIIA, and a description of each option in Annex IIIB). An analysis of conditions and measures currently appropriate for inclusion in a country-specific trade promotion strategy will establish the separate country programs. The overall program will be accessible by USAID missions throughout the region. Each participating bilateral mission will be responsible for the final design and preparation of specific agreements with the country's government.

Experience in the implementation of trade measures under the auspices of the U.S. and other programs will lead to the creation of a region-specific locus of expertise and experience. As macroeconomic and policy conditions in a given country permit or demand, A.I.D. will facilitate the use of this expertise to assist a country in adapting or supplementing its specific mix of trade promotion measures.

In general, a trade stimulation program provides maximum flexibility in matching financial support to the specific needs of individual countries. At the same time, it pursues the general objective of stimulating earnings from trade by each of the region's member states. Expanding trade will promote growth and lead to general development, which in turn will contribute, over the longer run, to intra-SADCC trade flows and higher economic levels of prosperity in the region.

b. <u>Entrepreneurial Development</u>

The gradually improving financial conditions in most of the region's economies will permit additional entrepreneurial activity. In order to stimulate indigenous participation and encourage partnerships with producers from outside, A.I.D. assistance will support viable profit-making projects of the private sector. The aid will offer advisory services to private entrepreneurs in the SADCC member states. The advisory service will assist these entrepreneurs in evaluating projects, applying for financial support, and obtaining technical and managerial assistance needed to start up projects. Where project proposals, by virtue of their innovative nature, require a minimal track record before qualifying for institutional funding, a seed capital fund will be available for project start-up costs. Further, this program component will seek to improve the financial and project evaluation services available to SADCC countries by pairing national with foreign experts in cases where indigenous consulting services are not yet adequate. However, wherever possible, indigenous consultants will be recruited and engaged on a preferential basis.

Though the current attention being paid by the governments to encouraging private economic activity in Southern Africa is new, experience in helping Africans of the private sector to develop projects is already established, as for example in the Africa Project Development Facility (APDF), established in 1986 as a multi-donor initiative, which provides technical assistance to African entrepreneurs in feasibility analysis, operations management, market development and capital formation, as required to develop and implement viable, profit-making projects. The objective of technical assistance will be to speed the development of productive enterprises sponsored by private African entrepreneurs, women as well as men, as a means of increasing growth and productive employment. The entrepreneurs will identify themselves, and will contribute to the costs of the advisory services. By seeking to pair outside consultants and staff with local counterparts in member countries, the program will strengthen the financial and consulting services in Southern Africa.

Private sector development does not flourish in a vacuum. Rather, the elements of policy climate and talent required for successful growth and sustained development must be in place. The element of creative business talent will be nourished through consultancies provided and enhanced through the provision of formalized training in business planning and financial management. In instances where regulations are stifling entrepreneurship, the program will address the issues involved and seek to effect change.

Financial support will be offered to emerging or expanding entrepreneurs through a seed-capital fund to provide bridging finance to businesses that require working capital to begin project activities before financing from other traditional sources can be secured. Interest rates levied would represent the real cost of credit, accurately reflecting the risk attached to new venture development, and would not be subsidized. The seed capital fund would be complemented by a venture capital insurance fund, which by its nature, would encourage potentially viable, though high risk projects. The insurance provided would strengthen the willingness and ability of local financing sources to extend credit to such ventures, and encourage foreign investment in new projects.

6. Resources Required

The trade component will require $35 million over five years. A direct-hire economist at USAID/Zimbabwe will supervise the program, assist individual A.I.D. Missions in the region to negotiate particular projects, and monitor progress both by individual countries and in the region. Assistance from the project office of USAID/Zimbabwe will be available to help develop specific agreements with the countries. Management of the preceding policy dialogue and the respective projects in the region will be carried out by the country missions.

The cost of providing entrepreneurial assistance to the region during the five year period will be $8 million. Administration of the program will be handled by USAID/Zimbabwe, which will negotiate grant agreements with the Africa Project Development Facility or other implementing agencies and monitor the success of the program.

7. Impact Anticipated

The trade and entrepreneurial stimulation program components targeted for A.I.D. assistance in Southern Africa must be viewed in a broader context. Economic reforms are occurring and SADCC is revising its own agenda of trade and industrial development. It is because policy reform is advancing the beginning improvements in some countries' financial condition that a trade stimulation component and an entrepreneurial assistance component can be supported at this time. Thus, at the most general level, impacts of A.I.D.'s program derive from the broader economic conditions. Likewise, these two programs alone cannot cause trade to expand and entrepreneurial participation to deepen. Rather, the A.I.D. program complements other economic developments and programs by individual nations and by SADCC in Southern Africa and provides a set of mechanisms which if used appropriately could help establish the link between reform and results. These measures can only succeed to the extent that economic policy reform can be sustained in the future.

At the general level it will be necessary to establish benchmarks for indicators of economic reform in each of the Southern African nations. This process should create a synopsis of policy reforms and their links to key indicators, including exchange rates, interest rates, government deficits, credit levels, prices, and trade. Though trade stimulation is the overall objective, each country is at a different stage in its efforts to improve trade. There should be agreement with each participating country that monitoring of appropriate variables, suitably disaggregated to show detailed change and impact, is a responsibility of the country, working with A.I.D. In some cases the key variable may be a redirection of trade among countries and regions. In other cases the objective may be increased trade in targeted trade commodity groupings. And in yet other cases the appropriate variable to measure may be flows of credit to exporters or access to imported inputs for production.

A related effort will be undertaken to establish benchmarks and monitor the trade and industry policies of SADCC members and their relationship to changes in the region. Key indicators will include trade and investment flows and the relative importance of private sector participation in member country economies.

The entrepreneurial stimulation component will require detailed benchmarks on the size and location of private entrepreneurial activity and the gender of its leadership within the countries being assisted. A monitoring of trends in private sector contributions to economies as well as in shares of private sector access to credit and equity funding may then be the appropriate ways to measure impact. Staff of implementing organizations and local consulting talent should be involved in assisting A.I.D. and Southern African countries to establish appropriate types of monitoring.

E. STRATEGIES FOR FUTURE REGIONAL GROWTH

1. Background

The nations of Southern Africa, grouped together under SADCC, comprise a viable, if loosely linked, economic and political region. Majority-ruled nations in Southern Africa are bound together by a number of factors. These include:

- a background of colonial domination;
- rather recent political independence;
- a short history of national consolidation and development efforts;
- economic dependence on South Africa, and exposure to periodic aggression through political, economic and security interventions;
- shared opposition to apartheid in South Africa;
- weak complementarity of economies, with prospects for slow improvement;
- common experience with the devastating world recession of the 1980's and the sobering realities of diminished domestic and international resources, slower growth, and the need to control development expenditures;
- donor interest and focus on majority-ruled nations of Southern Africa;

Though there are considerable differences among individual Southern African nations in the structure and growth of their economies, the resource bases and the political and policy environments within which economic development is being pursued, the "ties that bind", are strong and sufficiently compelling for the area to be treated as an economic and political region.

The transition to a post-apartheid South Africa may well be prolonged and confrontational, but there is some possibility that its occurrence could be accelerated by a willingness in South Africa to compromise and seek accommodation. Even now, there are cooperative relationships between some SADCC countries and South Africa, as in development of Cahora Bassa, the port of Maputo and the Ressano Garcia rail line in Mozambique. Regardless of the exact date for the establishment of majority rule in South Africa, events are changing sufficiently that a five year strategy for U.S. assistance to Southern Africa needs to include efforts at initial planning and conceptualization of a broader regional environment. Changes in the insurgency situation in Mozambique, as well as agreements for settlements in Angola and Namibia, offer encouragement that similar "peaceful" compromises might occur in the South Africa situation.

The evolutionary nature of politics in Southern Africa points to the continuing significance of implementation of SADCC's 1980 Lusaka Declaration, whose basic development objectives were:

1. The reduction of economic dependence, particularly, but not only, on the Republic of South Africa,

2. The forging of links to create a genuine and equitable regional integration,

3. The mobilization of resources to promote the implementation of national, interstate and regional policies,

4. Concerted action to secure international cooperation within the framework of a strategy for economic liberation.

Though coordination to pursue these objectives is necessary during the current regional confrontation between the Front Line States of the region and South Africa, it will be even more essential once a post-apartheid Southern Africa exists, to face its own major changes in internal and external relationships which will accompany majority rule in South Africa. The area will see possibilities for a broader, richer, more varied regional economy. But it will also face numerous problems of reorienting infrastructure and institutions, determining desirable and feasible economic links among the region's economies, and adjusting national economies to a broader, truly "Southern African" regional economy.

The various problems, trends and conditions in Southern Africa that warrant exploration and consideration derive from the history of the region, current political and economic conditions, and the need to consider alternative futures. Considerable lead time is required to give careful consideration to potential issues and problems of mutual adjustment, and to table among member countries and SADCC itself alternative approaches to addressing such problems. Some such work has and will occur through the SADCC Secretariat and the sector units, but donors can make a contribution to the region by simultaneously pursuing selected issues themselves.

The nature of regional growth and development is heavily influenced by the confrontation with South Africa. It must be recognized however, that substantial efforts at economic reform are nevertheless underway in the face of such a situation and that prospects for growth and development range beyond this political dimension to the region as a whole. Further, there are issues of a regional dimension which will transcend the end of apartheid; issues of intra-regional trade and investment, flows of guest workers across borders, refugee migration, and food security. Actions being taken now and in the next five years will heavily influence the shape of these regional issues and problems. Some medium to long-term strategic thinking is an essential element of support to Southern Africa as a region of strategic importance to the United States.

A regional agenda of action does not detract from the strength or necessity of national efforts to pursue economic growth. Nor does it eliminate the need for bilateral programs in SADCC member countries. Indeed, much of the strength of the region today derives from increasingly sound national economic policies among the member states. Bold national efforts at economic reform can be expected to be supported by multilateral and bilateral assistance in supplemental resource flows. These efforts must continue and even increase if the region is to make progress in its regional agenda of action.

2. Constraints to Development

The context for the U.S. strategy for 1991-1995 includes a period of SADCC operation and consolidation, major economic reforms in member countries' economies, and a now well-developed pattern of multi-donor assistance to SADCC and its agenda of action. And yet, there are weaknesses in this approach. The loosely-knit SADCC organization produces an often heterogeneous agenda of action and listing of endorsed projects requiring donor support. SADCC depends on sector units spread among member nations, whose capacity is uneven. Some sector units function relatively well while others are incapable of developing coherent action plans. On occasion the Secretariat can develop policy positions, but the power of decision is vested in the Councils of Ministers. Some issues are not addressed directly by SADCC's sectoral agenda, for example the need for macroeconomic reform and of linkages among individual member country programs. Furthermore, the donors to SADCC and its member countries have widely differing objectives and standards for supporting SADCC.

Thus the range of strategies to be considered for Southern Africa is often developed in an ad hoc manner, or through negotiation between a donor and a sector unit. SADCC's established method of approving its agenda of action, with the Council of Ministers making final decisions, promotes compromise. The process ensures full support by the leadership, but to some degree it inhibits exploration of a broader range of alternative approaches to problems. A broadening of ideas and options to be considered would be healthy for SADCC, especially in this transition period. It would also expand the possibilities for donors to suggest areas of concern which require attention and alternative approaches to solving problems as they arise. Though it may be too early to institute projects and programs, it is essential that analysis be undertaken and tentative options developed for various paths to a post-apartheid Southern Africa.

3. Progress and Potential

The first years of SADCC and A.I.D.'s Southern Africa Regional Program (SARP) were focused on concerns of institution building and support for SADCC's priorities in transport and agriculture. It has taken several years of experience with SADCC and its agenda for the need for strategic thinking about Southern Africa to become clear.

U.S. assistance in helping to shape SADCC's agenda in selected areas and expanding potential areas of support would likely serve U.S. and other donors' interests in the region and the member states themselves. It would not represent a lack of confidence in SADCC, but rather a recognition that limitations on SADCC as a loose-knit regional organization prevent it from addressing some key issues and concerns in the region. Instead, efforts by individual donors to fully evaluate the region and its problems and future potential would bring forth a richer range of options, some of which may become part of SADCC's agenda. Without explicit focus on strategic issues related to future regional growth, the thinking and work which has occurred has been informal and more related to individual sectors and projects based on topical problems.

4. Strategic Objective

The program to develop strategies for future regional growth has as its major objective exploration of key issues and stimulation within the region and among donors of discussions related to the findings on these issues.

In studying potential strategies for the future growth of the entire Southern Africa region, the United States will cover a range of medium to longer term issues and concerns which are not being considered in depth in SADCC operations or in donor interactions. Critical to the intended impact of the studies must be the incorporation of the views of officials and other citizens in the region and the free circulation of drafts for discussion by them and by donors. Broad exchanges of views will also overcome the limited mutual awareness among donors of each others' interests and the availability of studies in the SADCC context.

Through the active participation of SADCC staff and SADCC member states and their citizens in the development and study of regional issues, a broader and richer SADCC Program of Action can reflect the considered review of a wide array of development options. U.S. leadership in considering supplementary areas of future constraint will position the United States to provide assistance as SADCC expands its agenda of action.

5. Elements of the Program

a. Studies

The studies to be supported by this program will look at all of Southern Africa and span a range of sectors, issues and questions. The studies will be designed and carried out by investigators with broad conceptual understanding of issues in Southern Africa (and expertise in particular fields), including citizens of the region (and including South Africans interested in participating). Representatives of USAID missions and of SADCC will provide direction to the selection of topics, completion of the studies, distribution within the region, and discussion with government, academics and other key groups.

1) Trade. The implications for intra-regional and external trade of a broadened membership in SADCC, to include South Africa, have not been analyzed. All entrepreneurs of SADCC should be interested. What is the potential for broader intra-regional cooperation in trade? What are the implications for the current SADCC transport systems of a cooperative neighbor to the south? What liberalization in import and export controls, and customs procedures, will be necessary to stimulate export earnings? What if the South African Customs Union is expanded in membership? What if it is abolished? What issues would be involved in operating with a common monetary unit?

2) Economic Reform. The Council of Ministers of SADCC has expressed its view that structural reforms will be necessary if the region is to continue to achieve economic growth. What can the member countries learn from each other's experiences in establishing and implementing reform measures?

3) Private Enterprise. How can the financial markets of member nations be expanded, what regional mechanisms are available, or viable? What can members learn from comparative study of national climates for private sector development?

4) Refugees. Prospects for reduced flows of refugees into neighboring countries are likely in the more peaceful region of the future. But what are the prospects for integration of returning refugees into the economies of their home lands? How long will displaced populations continue to meet the definitions adhered to by the multilateral agencies who assist them?

5) Human Resources. Neither the demand nor the supply of trained human resources is fully known or forecasted for the region. Most data is old by as much as five years. Gaps in data on the private sector, including the informal sector, are especially acute. Several factors yield clues as to the magnitude of the problem, however: the large number of imported skilled personnel (25% of managerial level government positions are filled by expatriats, 19% of agricultural teäching staff, 14% of skilled mining positions), the magnitude of overseas training, the relative paucity of training institutions and shortages of equipment and staff, and the shortage of secondary level graduates with scientific or technical backgrounds to enable them to gain higher level training. The surveys conducted to date by the Regional Training Center in Swaziland are of limited value. A better assessment of gaps in skills in the region, and identification of potential efficiencies in regionally oriented training in specialized fields is needed. Beyond such a relatively static assessment, however, the region should be looking at factors that could affect the distribution of labor in the future. Will a post-apartheid South Africa want to keep its jobs for its own citizens? What retraining and redeployment will be required for citizens of today's labor-exporting countries?

6) Energy. In conventional energy the region is potentially self sufficient, with resources in oil, coal and hydropower. When dependence on South Africa is no longer a political issue, what possibilities are there for cooperation in provision of energy? What are the costs of the present reluctance of individual countries to give up the quest for national self-sufficiency and cooperate to achieve the most economic distribution of required power?

7) Food. Existing policies have an anti-rural bias that discourages food production and trading of food at market prices. What is the likelihood that concerted moves to remove the bias against food production would benefit each of the nations in the region, and the region as a whole, in foreign exchange savings, in rural income, in economic growth? What would be the role of South Africa in liberalized trade in agriculture?

8) Pests and Disease. Are there region-specific, or regionally distributed, biological impediments to animal or crop production that would be amenable to research and application of results?

In order to develop an agenda of studies, prioritize them within available funding, and monitor the quality of work accomplished, a Review Panel will be established. This Panel remains to be designed as part of a specific project proposal. However, it should consist of experts in their respective fields, primarily those with broad conceptual understanding of issues in Southern Africa and draw heavily on the use of local consultants.

6. <u>Resources Required</u>

During the 5 year period a total of $9 million will be required to carry out the range of studies necessary to provide strategic guidance to A.I.D. and to the region. A portion of these funds, perhaps $1.5 million, will support studies undertaken directly by the SADCC Secretariat, as a demonstration of support and as a vehicle to strengthen the institutional capacity of SADCC itself.

A project-funded manager with overall administrative responsibility for the studies project will be located at USAID/Zimbabwe. A series of consultants to conduct specific studies, with a designated lead consultant, will be named for each strategic study. The studies will be distributed widely within the region and among donors, and discussed at seminars and other venues. Close coordination with the SADCC Secretariat and the sector units as well as with other donors will be necessary to avoid duplication and assure that the studies receive an open reception and consideration as SADCC's agenda of action is revised and other donors evaluate their responses to the region's needs.

7. <u>Impact Anticipated</u>

For A.I.D. the impact of these studies will be measured by the effectiveness brought to program planning. With sufficient lead time before programs are structured, these studies can carefully evaluate problem areas, identify alternative approaches, and recommend strategies for A.I.D. to follow.

This will be critical to the formulation of the next regional development strategy statement for 1996-2000. But equally it will guide the yearly programming of available assistance.

For the region, the impact will depend on the types of consideration given to, and discussion of, strategic issues in the medium to long-term. The studies completed, and their dissemination and discussion within the region and with donors, will have positive but intangible impacts. It is likely that in subtle ways these studies can broaden the range of issues and approaches considered as SADCC reformulates its agenda of action periodically. Similarly, such studies and their open dissemination and discussion among donors is likely to yield improvements in donor coordination. Lastly, such studies will lead the way in identifying issues of concern which others can consider further in studies, seminars, and projects.

IV. RESOURCES REQUIRED TO FULFILL THE STRATEGY

Dollars (million)

Program	1991	1992	Year 1993	1994	1995	5-Year Total
Transport	27	29	22	42	45	165
Food Availability	20	18	27	15	10	90
Trade and Entrepreneurship	0	12	10	7	12	41
Strategies for the Future	3	1	1	1	3	9
TOTAL	50	60	60	65	70	305

Human

Human resources required to implement the strategy include the (now unassigned) program economist for USAID/Zimbabwe, one USDH Engineer over the plan period in addition to one transport planner, either Personal Service Contractor or USDH. One program-funded contractor will be required for the natural resource management program, and another for management of the strategic studies. These requirements are additional to the current staffing levels in USAIDs in the region.

V. DONOR ASSISTANCE IN SUPPORT OF SADCC

Since its founding in 1980, SADCC has held annual Consultative Conferences at which "cooperating partners", including bilateral donors and international agencies, signify their commitments to the SADCC program of action. These conferences have traditionally followed meetings of the SADCC Standing Committee of Officials and its Council of Ministers and are chaired by the Chairman of the Council. The Conferences provide a forum for discussion of sectoral programs and issues and a presentation to the cooperating partners of progress reports and proposed future program plans. Though as many as 31 cooperating governments and eighteen international agencies are represented at the Conferences, 11 bilateral and three multilateral agencies account for almost 90% of all assistance to SADCC member countries and the SADCC Programme of Action.

Total official development assistance commitments to member states for bilateral and regional purposes has averaged about $2 billion per year since 1979; that total increased to almost $3 billion in 1986. The largest total commitments went to the poorest countries-Mozambique, Malawi, Tanzania and Zambia--and, after Independence, to Zimbabwe.

1. Donor Coordination

The interactions which take place between SADCC and donor organizations at the Consultative Conferences comprise the highest level of donor coordination, involving agency directors and government ministers. They are, however, by no means the only forum for donor coordination within the region.

On a sectoral level, donor representatives meet in focused working groups to pursue discussions of a technical nature with SADCC coordinating unit staff and interested member country delegates. These sub-group discussions also take place at the annual Consultative Conferences, and on an ad hoc basis as required. Meetings of Sectoral Committees of Ministers are convened at least annually, without donor participation, to establish criteria and priorities for the sector program, to discuss the roles of cooperating partners and facilitate the coordination of donor activities.

Periodic technical coordination meetings are held to review the funding and progress of a specific multi-donor program or project. For the transport sector, these coordination meetings have included several organized by the Beira Port Authority, focusing specifically on Beira corridor development activities; quarterly meetings between the Government of Malawi and donor organizations involved in the Malawi Northern Corridor; annual meetings convened by both the Tanzania Harbor Authority and TAZARA to discuss the coordination of donor activities on the Dar es Salaam corridor; and the first meeting on the Limpopo corridor. Discussions are held on an informal level among donors active in the same or similar project activities. General consultations among two or more donors occur frequently in Harare and elsewhere, and the Development Center of OECD has facilitated discussion between SADCC and its major donors on procedural and other relationships. However, donor offices in the region vary widely in their knowledge of and responsibility for their countries' SADCC programs. There is no overall coordinating leadership in the region and no established forum for regular sharing of donor experiences in regional development on a broad basis.

At the ministerial level, donors have sought to define a regular coordination mechanism. As the largest cooperating partner in the region, the World Bank would be a logical choice to organize periodic donor conferences, but the Bank has thus far been reluctant to dedicate the staff time required or to burden SADCC with a formal meeting structure. Thus, for the foreseeable future, donor coordination will continue to be a SADCC and recipient country function. As far as SADCC is concerned, this is fully complementary to their perception of their role as the principal coordinating body for development activity in the region.

2. Distribution of Donor Assistance

Within the universe of approved projects in the SADCC Programme of Action, by far the largest proportion of donor resources has been committed to the transportation sector (US$1.6 billion or 72% of all secured financing, as of July, 1987).

Major bilateral donors active in this sector include: the United States, Norway, Sweden, Denmark, Germany, Canada, France, Portugal, Italy and the United Kingdom. Multilateral donor organizations which have contributed to this sector include the EEC, IDA, and the AFDF.

The second most important sector in terms of donor commitments (US$253 million) and proportion of all secured financing (12%) is that of industry and trade. However, donor assistance in support of industrial development has been limited to a small number of relatively large rehabilitation projects. Prominent among these are a Swedish-supported pulp and paper mill in Tanzania (US$187 million), a Swedish-supported pesticides plant in Tanzania (US$18 million) and an Italian/NORAD-funded rehabilitation of cement works in Mozambique. A number of other bilateral and international donors have provided funds for market and feasibility studies.

In the agricultural sector, the U.S. has taken the lead in donor-supported research and extension through assistance to the sector coordinating unit for agricultural research, the regional sorghum and millet improvement program being implemented by ICRISAT and the Zimbabwe-based, regional food security project. Other donor support of agricultural research has been provided by Canada, Germany, the U.K. and Norway. Donor support for SADCC regional food security programs has come from Canada, Denmark, Australia and Ireland. Multilateral organizations active in this sector include the EEC and the UNDP.

Energy sector initiatives have been supported by Canadian, Swedish, Norwegian, Finnish, Italian, Dutch, Portuguese and Brazilian bilateral assistance programs. The largest of the energy-sector projects supported by a foreign donor is the US$38 million Canadian-funded, interconnection of the Botswana and Zimbabwe electricity grids. Multilateral development organizations active in regional projects in this sector include the EEC (coal, electricity, fuelwood, planning and institutional development) and the World Bank (petroleum).

Human resource development and mining sectors are receiving relatively less donor support (US$60 million and $25 million, respectively). Principal donors active in these two sectors are the U.S., the U.K., NORAD, Germany and Ireland (human resources) and the Netherlands, France, the EEC and UNIDO (mining).

With respect to regional strategies and program priorities, rough areas of emphasis for individual donor organizations can be identified. The Canadians, for example, have concentrated their regional development assistance in the areas of transportation, energy and agriculture; the Swedes in transport and industrial development, the Germans in transport, agriculture and human resource development. The Italians have focused almost entirely on transport-sector programs and forestry; the U.K. on transport, fisheries and land water management. Superseding these informal areas of donor concentration, some of the donors have developed special working relationships with SADCC which reflect their particular interest and orientation. Among SADCC's cooperating partners, the Nordic countries as a group (Finland, Denmark, Iceland, Norway and Sweden) have established this sort of special-interest relationship with SADCC. The 1986 Joint Declaration with the SADCC countries on regional cooperation covers both economic and cultural fields. Economic cooperation has involved technical assistance for economic planning; project identification and preparation; strengthening of the SADCC Secretariat and sector coordinating units; assistance in the implementation of major projects; support for maintenance and rehabilitation of productive capacity and the promotion of trade between the Nordic and SADCC countries and within the SADCC region. In addition, a NORAD fund has been established to finance exports from new joint ventures between Nordic and SADCC enterprises. When the Nordic Council of Ministers has agreed on mutual support to a SADCC program, one country is designated as project manager. Discussions between the Nordic countries and SADCC on the implementation of the Joint Declaration take place on a regular basis and the two parties have issued joint communiques at recent Consultative Conferences.

In a similar vein, a special set of working relations between SADCC and the EEC were codified in a Memorandum of Understanding which was also signed at the 1986 Consultative Conference. This memorandum specifies priority areas for the use of Lome III regional funds and indicatively allocates resources across specific sectors. The EEC, for example, has had a lead in supporting the SADCC food security program and is active in transport and energy.

VI. EVALUATION OF THE IMPACT OF THE REGIONAL DEVELOPMENT STRATEGY

A. Summary of the Program's Strategic Objectives, Targets, and Benchmarks. The overall objectives of the Southern Africa Regional Program as presented in this RDSS are highly supportive of Bureau goals and objectives established for A.I.D. programs throughout Sub-Saharan Africa. An expanded program matrix which includes proposed benchmark areas and data sources and which will serve as the basis for evaluating and monitoring the regional program over the period 1991-1995 as presented in this RDSS is presented below. The objectives, targets, and benchmarks are set forth so that measures can be focused at the level of the regional program impact, not at the project output level. The same objectives and their corresponding targets will form the basis for Action Plans to be submitted during the RDSS period as well as the periodic Mission Director program assessments that will be incorporated into the periodic reports on project implementation.

B. Measurement of Program Impact. The impact of the Southern Africa regional program will be measured in terms of its established targets. Because the targets are quite focussed, the Mission will be able to limit data collection and data generation efforts to those noted in the evaluation and monitoring plan. The establishment measurement of benchmarks to evaluate impact will be included in specific projects to be undertaken in each of the various sectors of emphasis. While most of the data will be gathered from primary sources, major macroeconomic data required to track trends and goal level impact will be acquired from secondary sources. Data required to track progress in implementing a specific program will generally be acquired by compiling project level data. Therefore, A.I.D. program evaluation efforts will focus on measuring impact and monitoring progress in achieving program targets. Future regional projects will include baseline measurements to facilitate subsequent quantification of program impact.

1. Developing and Implementing the WID Action Plan. A.I.D. also recognizes that women must be carefully woven into the RDSS strategy if anticipated impacts of the program are to be achieved. The Mission, therefore, proposes to undertake the following steps to both develop a regional WID strategy while at the same time, fully incorporating gender issues into its 1991-1995 program strategy:

a. Upon receipt of the proposed format from PPC/WID, the Mission will initiate steps to secure technical expertise to assist in (1) fully identifying substantive gender issues in the three areas of program impact, (2) identifying data related constraints to achieving a fuller understanding of women's roles in these sectors and, therefore, measuring the impact of the proposed program on women, and (3) identifying the means for overcoming these constraints. As gender issues are identified, the WID Action Plan for addressing those issues within the context of the proposed RDSS strategy can be prepared. Where new data is required for achieving a fuller understanding of the roles women perform in the transport sector, for example, the means for acquiring that data will be identified.

b. Specific benchmarks related to the impact of the program on women will be developed and the means to measure those impacts identified.

2. Monitoring Progress. At the mid-point in the RDSS period, the Mission will undertake a small scale effort to check that the strategy is still on track. This will enable some adjustments in the strategy to be made if these are deemed necessary to achieve the desired impacts. This will also enable changing political events in the region to be fully accounted for in the final measurement of program impact.

3. Assessing Impact. A full-scale effort to measure final impact of the strategy throughout the region will be undertaken in FY 1995. Data on all variables identified in project level baselines will be gathered, and all benchmarks, especially those related to overall program impacts will be measured.

C. Reporting on Program Progress and Impact. Progress in implementing the strategy will be reported to AID/W in conjunction with regular programming and implementation reporting. Mission Action Plans will report on progress in achieving benchmarks and targets; and Project Implementation Reports will report on program implementation progress. These two activities, will form the basis of the regular progress reporting.

PN-ABC-523

UNCLASSIFIED

REGIONAL DEVELOPMENT STRATEGY STATEMENT

FY 1991

SOUTHERN AFRICA

VOLUME 2

FEBRUARY 1989

Agency for International Development
Washington, D.C. 20523

UNCLASSIFIED

U.S. AGENCY FOR INTERNATIONAL DEVELOPMENT
DEVELOPMENT ASSISTANCE STRATEGY FOR SOUTHERN AFRICA

RDSS
Volume II
Southern Africa:
Economic and Social Perspectives

I. Transport Sector Background Material

A. Map of Railways and Ports of Southern Africa

B. Map of Regional Truck Road Network

C. Southern Africa Distance Table from Major Cities and Ports

D. Trade of SADCC Countries: Volume & Direction

E. Transport Projects Under Consideration, 1991 - 1995

F. Transport Project Descriptions

II. Agricultural Sector Background Material

A. Indices of Per Capita Food Production, 1976, 1980, 1985

B. SADCC Countries: Cereals Consumption, 1987

C. SADCC Countries: Cereals Position for 1984/85 and 1987/88

D. Current Number of Research Personnel by Country and Level of Position

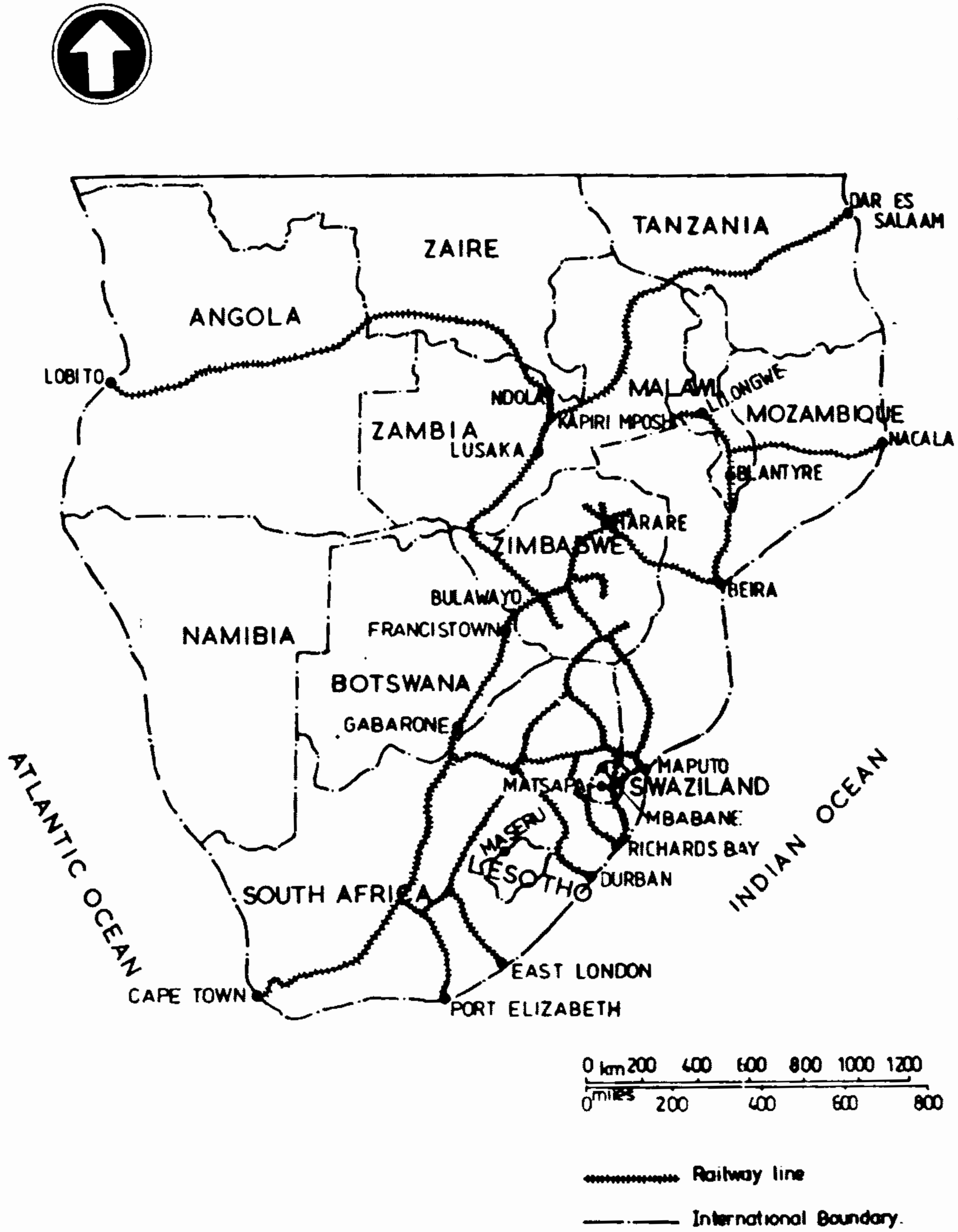
E. Total Projected Demand for Trained Agricultural Personnel - Year 2000

III. Trade and Enterpreneurship Background Material

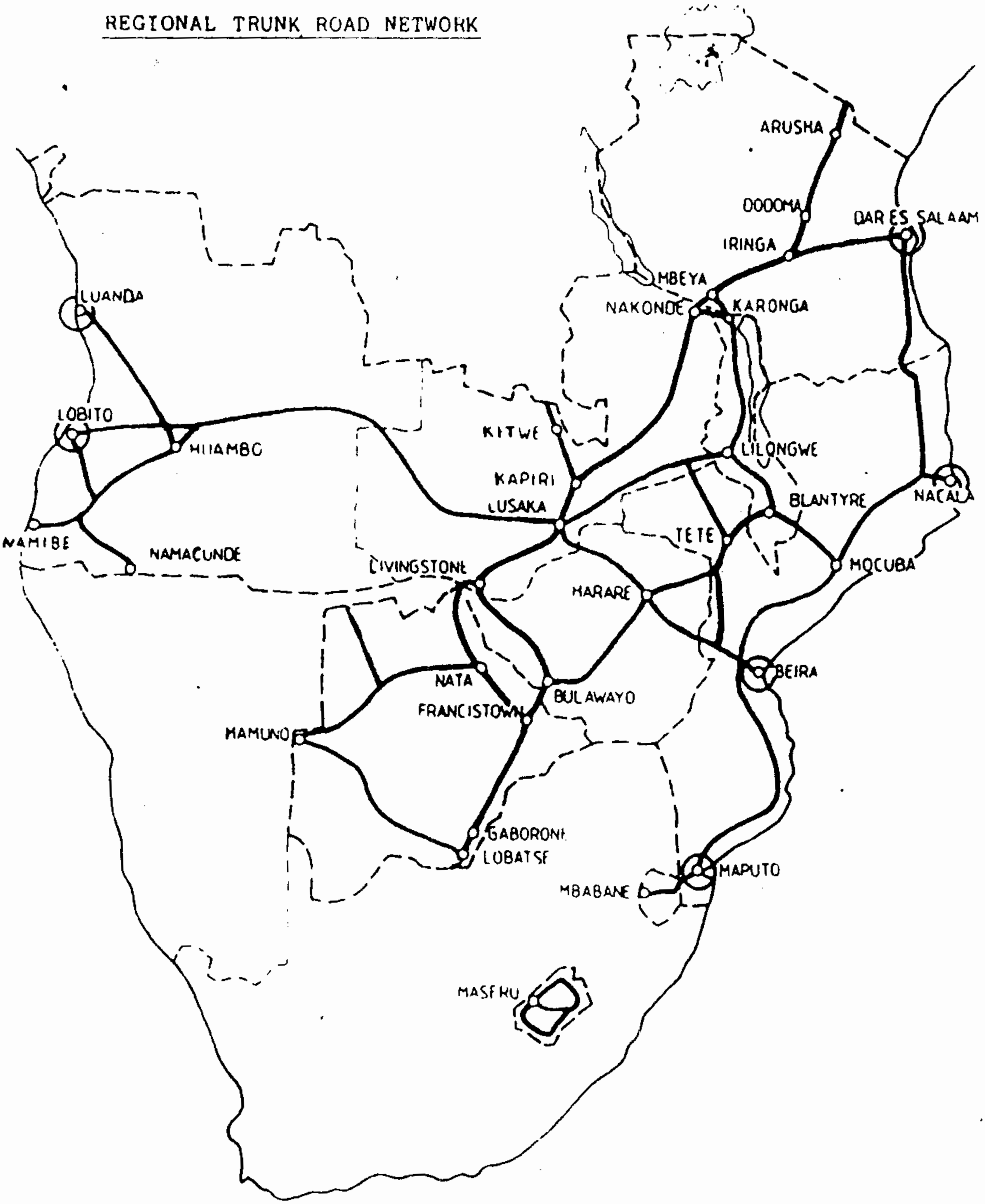
A. Matrix of Trade Development Options and Their Possible Relation To Prototype Trade Regimes in Southern Africa

B. Description of Trade Development Options Available to Southern African Countries.

RAILWAYS AND PORTS OF SOUTHERN AFRICA



REGIONAL TRUNK ROAD NETWORK



SOUTHERN AFRICA DISTANCE TABLE FROM MAJOR CITIES AND PORTS

HARARE	LUSAKA	BLANTYRE	FRANCISTOWN	MASERU	MATSAPHA	LILONGWE	GABARONE	
2922	3135	3462	1980	1365	—	3806	1545	CAPETOWN
2422	3234	2962	2000	830	—	3306	1565	PORT ELIZABETH
2027	2839	2567	1605	666	565	2911	1170	DURBAN
2362	2959	3174	1940	830	—	3246	1505	EAST LONDON
1828	2640	2368	1855	844	387	2712	1420	RICHARDS BAY
1193	2005	2545	1240	1175	230	2889	1675	MAPUTO
605	2073	649	1308	—	—	993	1743	BEIRA
1354	1888	814	2057	—	—	1158	-	NACALA
3513	2045	1800	3200	—	—	1635	3635	DAR ES SALAAM
3758	2290	3374	3445	—	—	3030	3880	LOBITO

SOURCE: Louis Berger SARTSE Model.

NOTE: 1) The distances given are indicated in kilometers & are over the shortest routes by rail where possible.

2) Rail distances from Blantyre & Lilongwe to RSA ports are via road between Blantyre & Harare.

3) Distances from Zimbabwe to Richards Bay & Durban, assume using the Northern rail route through Swaziland.

1-D

TRADE OF SADCC COUNTRIES: VOLUMES AND DIRECTION
(000'S Tons)

COUNTRY	TOTAL VOLUME				TRADE WITH RSA				TRADE WITH OTHER AFR. COUNTRIES				ROUTE DISTRIBUTION FOR OVERSEAS TRADE															
													CURRENT				1990				1995				2000			
	Curr	90	95	2000	Curr	'90	'95	2000	Curr	'90	'95	2000.	RSA	DAR	MOZ	LOB	RSA	DAR	MOZ	LOB	RSA	DAR	MOZ	LOB	RSA	DAR	MOZ	LOB
EXPORTS																												
Angola	*	*	*	*	*	*	*	*	*	*	*	*	*	*	*	*	n/a	n/a	n/a	n/a	0	0	0	166	0	0	0	213
Botswana	129	166	987	1120	38	57	649	735	17	39	265	308	72	0	2	0	70	0	0	0	60	0	13	0	57	0	20	0
Lesotho	10	10	15	20	9	9	13	18	0	0	0	0	1	0	0	0	1	0	0	0	2	0	0	0	2	0	0	0
Malawi	291	314	343	372	7	S	9	9	72	78	81	94	154	13	45	0	0	36	192	0	0	17	236	0	19	0	250	0
Mozambique	*	*	*	*	*	*	*	*	*	*	*	*	0	0	324	0	0	0	1682	0	0	0	2565	0	0	0	2951	0
Swaziland	1250	1300	1665	2200	391	342	346	348	93	103	148	124	415	0	351	0	325	0	530	0	0	0	1171	0	0	0	1728	0
Tanzania	*	*	*	*	*	*	*	*	*	*	*	*	0	275	0.	0	0	420	0	0	0	545	0	0	0	655	0	0
Zambia	726	784	770	793	0	0	0	0	178	222	265	315	200	310	38	0	0	524	38	0	0	391	22	92	0	358	20	100
Zimbabwe	2204	2410	2663	2914	363	347	333	334	776	884	948	1036	653	0	412	0	372	0	807	0	484	0	898	0	552	0	992	0
Zaire(Shab)	604	604	852	997	1	1	1	1	23	24	29	31	2	55	0	0	2	50	0	0	2	53	0	450	2	57	0	550
Sub-total	5214	5588	7295	8416	809	764	1351	1445	1159	1350	1736	1908	1497	653	1172	0	770	1030	3249	0	550	1006	4905	708	632	1070	5961	863
IMPORTS																												
Angola	*	*	*	*	*	*	*	*	*	*	*	*	*	*	*	*	n/a	n/a	n/a	n/a	0	0	0	560	0	0	0	699
Botswana	815	906	1069	1318	611	630	700	833	139	222	288	362	65	0	0	0	54	0	0	0	66	0	15	0	93	0	30	0
Lesotho	850	1050	1300	1600	800	990	1225	1510	0	0	0	0	50	0	0	0	60	0	0	0	75	0	0	0	90	0	0	0
Malawi	514	526	551	581	201	127	61	53	142	125	148	165	165	6	0	0	20	50	204	0	13	52	277	0	13	59	291	0
Mozambique	*	*	*	*	*	*	*	*	*	*	*	*	0	0	1370	0	0	0	1980	0	0	0	2430	0	0	0	3050	0
Swaziland	565	570	630	715	485	490	450	505	30	20	110	130	49	0	1	0	55	0	5	0	40	0	30	0	40	0	40	0
Tanzania	*	*	*	*	*	*	*	*	*	*	*	*	0	1350	0	0	0	1620	0	0	0	1900	0	0	0	2175	0	0
Zambia	1329	1380	1497	1582	145	128	80	30	229	240	271	265	15	940	0	0	0	1006	6	0	0	1064	17	65	0	1165	22	100
Zimbabwe	1922	1968	1863	1921	878	829	518	464	76	127	279	339	255	0	713	0	146	1	865	0	154	3	909	0	144	5	969	0
Zaire(Shab)	608	602	699	900	144	108	82	80	250	284	342	364	18	25	0	0	18	34	0	0	18	37	0	175	18	40	0	225
Subtotal	6603	7002	7609	8617	3264	3307	3116	3475	966	1018	1438	1625	617	1106	2083	0	353	2711	3060	0	366	3056	3678	800	398	3444	4402	1024

N/A = Not applicable   *** = Information not available

Note:
1) Traffic for Zambia and Zimbabwe includes oil imports via pipeline
2) Overseas trade route distribution for Tanzania and Angola refers to traffic through Dar-es-Salaam and Lobito only, respectively.
3) Traffic for 1990 assumes South African ports open but Limpopo and Beira-Malawi railways closed to transit traffic.
4) Traffic for 1995 and 2000 assumes all routes and border posts open
5) For Zaire's Shaba province, all traffic not using the SADCC routes is assumed to use northern routes

SOURCE: SATCC, 1988

TABLE E

TRANSPORT PROJECTS UNDER CONSIDERATION, 1991 - 1995

PROJECTS	(MILLIONS OF DOLLARS) FISCAL YEARS					TOTAL
	1991	1992	1993	1994	1995	
KAFUE BRIDGE	13.3	-	-	-	-	13.3
NT´L RAILWASYS OF ZIMBABWE	13.7	5.0	-	-	-	18.7
TANZAM MAINTENANCE	-	10.0	10.0	-	-	20.0
MGT-RAIL/ROADS	-	14.0	-	7.0	-	21.0
TANZAM RE-HABILITATION	-	-	10.0	10.0	-	20.0
TA FOR SATCC	-	-	2.0	-	-	2.0
CFM-NEW LOCOS	-	-	-	25.0	35.0	60.0
REGL ROADS/BRIDGES	-	-	-	-	5.0	5.0
CONTAINER TRUCKS & SPARES	-	-	-	-	5.0	5.0
T O T A L	27.0	29.0	22.0	42.0	45.0	165.0

1. Zambia railways - replacement of the Kafue bridge.

This railroad bridge is old and in danger of sudden collapse. The bridge has been strengthened and patched numerous times, and further shoring up is no longer effective. The underlying structural weaknesses due to metal fatigue and corrosion can no longer be corrected. The feeble condition of the bridge forces trains to cross at a speed slightly above a walking pace.

Replacement of this bridge by a new one slightly up-stream would allow higher train crossing speeds, and would eliminate the possibility of very costly and lengthy traffic interruption and detours if the old bridge did collapse.

The benefits from increased travel speeds on the new bridge will be small. The primary benefit would be the avoided disruption and detouring of the traffic id the old bridge were closed, or would collapse.

Cost:	$13.3 million
Capacity inc ease:	good
Cost reduction:	good
B/C ratio:	moderate

2. Zimbabwe, supply of new engines for 44 general electric locomotives, class 9A

The back bone in the NRZ diesel fleet for regional traffic is the class 9 A General Electric locomotive and the class 10 General Motors l comotive. Canada is already assisting NRZ with supply of spare parts for the class 10 locomotives.

The class 9A General Electric locomotives were placed in service in 1972 - 1975, have seen heavy use, and the engines are becoming due for replacement. When outfitted with new 750-800 KW engines the lifetime of these reliable locomotives will be extended by at least another 15 years. The NRZ workshops will be able to re-engine 12 locomotives per year. xxx B/C calculations xxx

Cost:	$13.20 million
Capacity increase:	moderate
Cost reduction:	large
B/C ratio:	(approximately 1.25)

3. <u>Tanzam road maintenance support.</u>

This project would provide funds and technical assistance for maintenance of the sections of the Tanzam highway as rehabilitation is completed by the donors. Ex-post evaluations by both AID and the World Bank have shown that economic returns from maintenance of a heavily traveled road such as the Tanzam highway are very high. The benefits arise both from savings in vehicle operating cost and from the opportunity to avoid future expensive reconstruction or rehabilitation of the road following neglect of maintenance. In fact, unless one assumes that adequate maintenance will follow a rehabilitation project, the feasibility of the project can not be demonstrated.

Road maintenance projects are, however, very demanding on AID staff. The difficulty is not so much technical as it is institutional. A successful maintenance project requires changing fundamental attitudes of the host government, and on convincing the government on the importance of maintenance, and on the need for allocating scarce funds to provide for recurring maintenance costs. Past experience has shown that it is helpful if not absolutely necessary for the large donors to combine forces in motivating the required policy reform by the recipient governments.

The World Bank, as part of their Sixth Highway loan now under implementation, is providing a maintenance advisor to the Tanzania MOC for 36 months with the objective of improving the road maintenance organization of all of Tanzania's roads. Another objective is to encourage the MOC to carry out maintenance through private contractors rather than by force account (i.e., the MOC's personnel). The USAID program would be complementary to the World Bank's program.

The USAID project would focus on the Tanzam highway, and would provide maintenance equipment (graders, etc.), technical assistance to the private construction industry and the MOC, and on the job training under the supervision of a U.S. contractor carrying out maintenance.

Cost:	$20 million
N.C. Capacity increase:	good
Cost reduction:	large
B/C ration:	1.3

4. Rail and roads management assistance

The railroads in the region have been operating at a financial loss for many years. Some of the losses can be attributed of course, to the insurgency which destroyed locomotives and rolling stock, and caused a significant decline in traffic on several of the traditional corridors. Equally important, however, is the loss resulting from poor and inefficient operating practices including tariffs that do not cover costs.

Considerable technical assistance is already being provided such as under USAID's Regional Rail Systems Support Project to Swaziland. Much, however, there is still a great need for further technical and other assistance to the railroads in the region. The technical assistance would be in the areas of management of finances (analysis of alternative tariff structures, determining best sources of financing, cash forecasting, etc.), the management of the institution (improving working relationships, communications with government officials, staffing requirements, organization of marketing, etc.), the management of operations (locomotive and wagon utilization, defining communications requirements, maintenance requirements and schedules, training needs, etc.), and transport economics (financial viability, effect of road/rail competition, optimum equipment replacement policies, etc.).

Other assistance could be provided in many areas such as setting up information systems focussing tracking of cars by providing hardware, software, and training; and improving accounting operations by providing the necessary computer systems and training. The cost is estimated at about $21 million beginning in FY 1991. There is a total need for about $30 million additional for which other donors funding will be sought.

Cost:	$21 million
Capacity increase:	significant
Cost reduction:	large
B/C ratio:	very high

5. Rehabilitation of the Zambia side of the Tanzam Highway

The Zambia side of the Tanzam highway between new Kapiri Mposhi and Nakonda on the Tanzanian border was built over 15 years ago, and carries a heavy volume of traffic. Recent counts show the flow to be about 430 vehicles per day of which 240 are heavy vehicles. Many of the heavy vehicles, in the past, have been overloaded and have seriously damaged the road's surface. And, even though efforts are being made to ensure that vehicles comply with the load limits set by the weigh bridges at Kapiri and Nakonde, the damage because of overloading to the road is continuing. Neglect of maintenance is also an important factor in contributing to the rough condition of the road. And, even if weight control eventually becomes effective, the damage to the road is at this time so serious that catch-up maintenance efforts cannot restore the road to satisfactory condition.

Partial rehabilitation work has been carried out over the past. However, due to lack of funds it has not been possible to keep up with the deterioration. Providing funds for rehabilitating the road would yield a high return.

Improvement of the road can be expected to reduce vehicle operating costs by about 20%. Average vehicle operating costs on the road before improvement is about \$0.20 per kilometer for light vehicles and \$1.50 for heavy vehicles. Thus, the savings per kilometer due to the improvement will be .20 x \$0.20 = \$.04 for light vehicles, and about \$0.30 per kilometer for heavy vehicles.

Based on a 365 day year, the annual savings per kilometer will be:

$$365 \times (\$.04 \times 190 + \$.30 \times 241) = \$29{,}163.5$$

The net present value of these savings discounted at 12% and over a twenty year time span is about \$220,000; and this is well above the investment cost of \$186,000 per kilometer for the rehabilitation. Thus, this project can be considered economically feasible.

Cost:	\$52.5 million
Capacity increase:	negligible
Cost reduction:	good
B/C ratio:	good

6. Technical Assistance for SATCC

This project provides technical assistance to the SATCC in Maputo for the strategic planning of transport, and for the development at a transportation information data bank. From its inception in 1981 SATCC has, of necessity because of the enormous workload, ocused on the day to day and on the identification and implementation of projects to improve the transport corridors.

As recommended in the recently completed study commissioned by the SATCC Committee of Ministers in May 1987, "Final Report the study of the Organization, Management and staffing of the SATCC, D.A. Anderson and D.C. Mulaisho, Maputo, June 1988", it is time for SATCC to address the more strategic issues of transport development in the region.

These issues include the planning of a balanced transport development program, the achieving of coordinated actions for improved efficiency in regional transport operations, and the monitoring and assessment of the impact of SATCC programs towards meeting SADCC objectives. And ready access to reliable and timely region-wide data is essential to achieve this.

SATCC has no information center, and needs staff, hardware and software, and facilities to establish one. The AID technical assistance would provide full time staff with expertise in computer system management and the collection and processing of transportation related date, hardware and software, and the physical facilities for the information center.

Cost:	$2 million
Capacity Increase:	large
Efficiency Increase:	large
B/C ratio:	high

7. Twenty new locomotives and spares for Mozambique

The existing Mozambique Railways fleet consists of old General Motors locomotives operating at a low level of efficiency because of the poor tracks, insurgency which though diminishing is still a factor interfering with operations, lack of vital spare parts, materials, and equipment, and lack of skilled manpower.

Earlier USAID and projects by other donors have identified these weaknesses, and have started implementing projects to increase productivity by rehabilitating workshops, by supplying essential spares, equipment and tools, and by improving in many other ways the ability to maintain and refurbish locomotives.

It is estimated that the USAID projects alone will increase the locomotive availability of the CFM(S) and CFM(C) from the present level of 58 percent to 75 percent, and that there is no need for new locomotives over the short term. Once the corridors to the ports of Maputo and Beira are in full use, however, there will be a need for additional locomotives to replace those that are worn out by that time, and to accommodate the increased levels of traffic.This project would provide twenty new locomotives with their spares starting in 1994.

Cost:	$60 million
Capacity Increase:	Substantial
Cost Reduction:	Substantial
B/C ratio:	moderate (approximately 1.2)

Transport Project Description

8. Regional Roads and Bridges Inspection and Inventory

The distances in the regions are large, and the regional roads and bridges network is extensive. Some of the road sections and bridges are in heavy use, on others traffic is only light. And some of the road sections and bridges need more intensive maintenance, and or in need of rehabilitation or re-construction than others. There is however, at this time, no formal inventory of the condition of the network and of the use. Thus, it is not possible to set priorities for maintaining the regional network. And, without priorities, it is not possible to conserve the scarce funds for maintenance and rehabilitation.

This project would assist the SADCC countries in setting up an inventory of their regional road and bridge network. This inventory would include the condition (age, roughness, adequacy of drainage, etc.) of each road section and bridge, the amount of traffic carried by the road section or bridge, the composition of the traffic, and the distribution of axle load weights.

The project would also provide assistance with applying modern and proven tools, such as the World Bank's Highway Design Model to set the priorities for maintenance and rehabilitation, and to determine the most cost effective combination of maintenance and design standard for each section of the network.

Technical assistance consisting of civil engineers, transport economists, and computer information systems dealing with transportation would be provided to the Ministries of Transport, Public Works, and other organizations involved in road and bridge maintenance and rehabilitation.

The assistance would also include commodities such automatic traffic counters, weigh bridges, pavement strength measuring instruments, and micro-computers.

The cost of the project is estimated at about $5 million starting in 1995, although earlier implementation. The impact on increasing the capacity of the network would modest, but the improved scheduling of maintenance attacking the highest priority sections first would be substantial. The B/C ratio of the project is expected to be large, though it is not possible to present an approximate value at this time.

Cost:	$5 million
Capacity Increase:	modest
Cost Reduction:	large
B/C ratio:	large

9. Trucks and spares for container deliveries from the port

The project shall provide the regional ports of Mozambique with self loading trucks and trailers to deliver containers directly to customers from the port and to transport LCL containers between port and container depot outside the port.

At present import containers arriving in the port of Maputo, Beira and Nacala wait for the consignees to come and pick up their cargo stored in the container. Usually a consignee has no means of handling the container at his own premises. He therefore breaks the container and loads the content on to his own truck, which is usually small, and can take only part of the container load. As a consequence the container will remain in the port sometimes for 60 days and more. Also, the stuffing and stripping of the container inside the port spread the cargo over large areas and adds to port congestion.

The objective of this project is to form an independent organization that services the road hauler, freight forwarder, and other container operators, and that picks up and delivers full door to door containers to the customers.

At present the container terminal in Maputo works only 20-25% of capacity but with the expected improvement in rail service and the subsequent larger volume of containerized cargo the need for an efficient container haulage by truck may come quickly.

The initial need will be 12 sets of self loading trucks with trailers. The capacity of truck and trailer shall be 22 tons each. A maintenance and spare part fund shall be included to guarantee spare part availability for three years.

Benefits of Project

The main benefits from the project are:

- increased utilization of containers
- less inventory cost
- saving on container storage area

If the present lay-time of the door to door and LCL containers is 45 days and the proposed service could reduce it to 15 days, the non-productive time for container and cargo will be reduced by 30 days.

The company in Maputo will have 60% of the assets. Lifetime of truck - trailer set assumed to be 6 years replacement cost US$240,000 per year maintenance and other operating cost US$430,000.

Indices of Per Capita Food Production
1976, 1980 and 1985 (1976-78 = 100)

Country	1976	1980	1985
Angola	105	92	79
Malawi	99	99	98
Mozambique	96	99	84
Tanzania	100	96	95
Zambia	109	84	92
Zimbabwe	102	83	95

Source: USDA, World Indices of Agricultural and Food Production, 1976-85

N.B. Data not given for BLS countries.

TABLE B
SADCC Countries: Cereals Consumption, 1987

Country	Country Characteristics	Per Capita Consumption of Cereals (KG)
Angola	Low income, food deficit country. Civil disturbances, inadequate port, rail and road.	72
Botswana	Land-locked country, drought prone. Agric. production only in the east and southeast. All imports through South Africa.	175
Lesotho	Land-locked, low income, food deficit country. All imports through South Africa.	
Malawi	Land-locked country. Importer and exporter of grain, mainly through Dar es Salaam. Donor grain swaps overland.	69
Mozambique	Low income, food deficit country. Affected by civil strife and guerillas lack of fuel and spares.	69
Swaziland	Land-locaked country. Good road network, imports through South Africa.	180
Tanzania	Low income country. Cereals surplus in the south and southwest, deficits in the northwest. Serious distribution difficulties.	136
Zambia	Land locked country. Low income, food deficit. Imports through Dar es Salaam. Poor roads and connections.	158
Zimbabwe	Land-locked country. Exporter and importer of grain through Mozambique and South Africa and by road to food deficit neighbors.	174

SADCC Countries: Cereals Position for 1984/85 and 1987/88
('000 mt)

Country	Production		Total Cereal Import Requirements		Commercial Imports		Food Aid Requirements		Production as % Total Requirements		Food Aid As % Total Requirements	
	1984/85	1987/88	1984/85	1987/88	1984/85	1987/88	1984/85	1987/88	1984/85	1987/88	1984/85	1987/88
Angola	335	350	320	340	238	100	82	240	50.0	50.7	12.5	35.0
Botswana	8	26	200	202	153	142	47	60	3.8	11.4	22.6	26.3
Lesotho	140	149	180	187	106	147	74	40	63.6	44.3	33.6	13.9
Malawi	n.a.	1258	n.a.	195	n.a.	73	n.a.	122	n.a.	97.3	n.a.	5.3
Mozambique	378	350	620	750	120	0	500	750	37.9	31.8	50.1	68.2
Swaziland	n.a.	100	n.a.	57	n.a.	55	n.a.	2	n.a.	63.6	n.a.	1.3
Tanzania	2510	4034	450	100	236	50	214	50	84.7	97.5	8.5	2.4
Zambia	920	1040	335	160	120	50	215	110	73.3	86.6	17.1	9.1
Zimbabwe	1758	1468	460	132	255	97	205	35	79.0	91.7	9.2	2.2

Source: For 1984/85: SADCC: Macroeconomic Survey, 1985, pg 89.
For 1987/88: Food Supply Situation, FAO Special Report, October 1987

Current Number of Research Personnel by Country and Level of Position

Staff	Botswana	Lesotho	Malawi	Mozambique	Swaziland	Tanzania[a]	Zambia	Zimbabwe	Total
	Country								
Administrative									
Positions vacant	2	0	1	11	0	106	0	3	123
Staff in training	0	0	0	0	0	9	0	4	13
Nationals in posts	12	3	14	57	1	837	27	92	1,043
Expatriates	3	0	8	3	1	1	1	0	17
Subtotal, Administrative Staff	15	3	22	60	2	838	28	92	1,060
Professional[b]									
Positions vacant	1	0	37	14	1	58	0	31	142
Staff in training	14	12	39	0	0	46	29	32	172
Nationals in posts	17	6	147	15	8	276	112	196	777
Expatriates	29	9	30	68	16	77	100	26	355
Subtotal, Professional Staff	46	15	177	83	24	353	212	222	1,132
Technical[c]									
Positions vacant	2	0	18	28	2	52	0	32	154
Staff in training	0	2	8	1	0	68	9	9	97
Nationals in posts	32	28	120	222	34	793	133	234	1,596
Expatriates	0	0	0	10	0	1	2	3	16
Subtotal, Technical Staff	32	28	120	232	34	794	135	237	1,612

[a]In some cases, staff in training also are counted in authorized posts.

[b]Professional = BSc or above.

[c]Technical = diploma, except for Lesotho, Mozambique, Zimbabwe where technical = diploma and certificate.

Source: Data collected from the DEVRES/SADCC Agricultural Research Resource Assessment, 1984.

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TOTAL PROJECTED DEMAND FOR TRAINED AGRICULTURAL PERSONNEL
YEAR 2000 IN SADCC BY TRAINING LEVEL AND COUNTRY

Country	Ph.D	M.Sc.	B.Sc.	Diploma & Certificate	Total
Botswana	19	56	158	336	559
Lesotho	38	114	324	666	1142
Malawi	229	687	1959	4036	6910
Mozambique	184	552	1565	3222	5522
Swaziland	12	37	105	216	370
Tanzania	699	2098	6096	12594	21487
Zambia	180	541	1496	3068	5286
Zimbabwe	135	406	1151	2368	4061
Total	1497	4492	12853	26496	45337

Source: FAO & SACCAR

TRADE

Matrix of Trade Development Options and Their Possible Relation to Prototype Trade Regimes in Southern Africa

Trade Development Options	Prototype Trade Regimes in Southern Africa			
	Type 1	Type 2	Type 3	Type 4
	Severe Anti-Export Bias	Moderate Anti-Export Bias	Weak Anti-Export Bias	Neutral/ to Mild Pro-Export
BARTER AND COUNTER TRADE	+	0	-	-
BILATERAL TRADE AGREEMENTS	+	+	0	-
REGIONAL TRADE ARRANGEMENTS	-	+	+	0
REST OF WORLD TARIFF, TRADE PREFERENCES FOR REGIONS, COUNTRY GROUPINGS	0	+	+	+
DONOR PROJECT PROCUREMENT REDIRECTION	0	+	+	+

Trade Development Options	Prototype Trade Regimes in Southern Africa			
	Type 1 Severe Anti-Export Bias	Type 2 Moderate Anti-Export Bias	Type 3 Weak Anti-Export Bias	Type 4 Neutral/ to Mild Pro-Export
EXPORT LICENSING REDUCTION/ ELIMINATION	-	+	+	O
REHABILITATION FOR EXPORT SECTORS	+	+	O	O
PRIORITY ADMINISTRATIVE ACCESS TO IMPORTS	+	+	O	-
DUTY DRAWBACK SCHEMES	+	+	+	+
EXPORT SUBSIDIES	O	+	+	O
EXPORT PROCESSING ZONES/BONDED WAREHOUSES	-	O	+	+
FOREIGN EXCHANGE RETENTION SCHEMES	+	+	O	-
CROSS-SUBSIDIES	O	+	+	O
EXPORT TARGETING	-	O	+	+
DIRECT EXPORT SUBSIDIES	-	+	+	O
COMPETITIVE LABOR COSTS	+	+	+	+
PROVISION OF INFRASTRUCTURE	O	+	+	+
INDUSTRIAL ESTATES	O	+	+	+
GOVERNMENT INSTITUTIONAL EXPORT PROMOTION ACTIVITIES	O	O	+	+
EXPORT TRAINING	O	O	+	+

Trade Development Options	Prototype Trade Regimes in Southern Africa			
	Type 1	Type 2	Type 3	Type 4
	Severe Anti-Export Bias	Moderate Anti-Export Bias	Weak Anti-Export Bias	Neutral/ to Mild Pro-Export
GOVERNMENT EXPORT EXPEDITING AGENCIES	+	+	+	0
ACCESS TO DOMESTIC WORKING CAPITAL	+	+	+	0
SHORT-TERM EXPORT CREDIT AND INSURANCE	0	+	+	+
MEDIUM AND LONGER TERM SUPPLIERS' CREDIT	0	0	+	+
TRAVEL AND CONSULT-ING ALLOWANCES	-	0	+	+
CAPITAL TRANSFERS	-	0	+	+
PROMOTION OF PRIMARY PRODUCT EXPORTS	+	+	0	-
PROMOTION OF EXPORT PROCESSING INDUSTRIES	0	+	+	=
ACCEPTING MULTI-NATIONAL CORPOR-ATIONS AND FOREIGN INVESTMENT	-	0	+	+
TRADING COMPANIES AND FOREIGN BUYERS	-	+	+	+

Key to Prototype Trade Regimes:

Type 1: Severe Anti-Export Bias -- Heavily administered economy, severe foreign exchange rate overvaluation

Type 2: Moderate Anti-Export Bias -- Moderately administered economy, moderate foreign exchange rate overvaluation

Type 3: Weak Anti-Export Bias -- Few areas of direct administrative control, beginnings of indirect control of economic aggregates, small foreign exchange rate overvaluation

Type 4: Neutral/to Mild Pro-Export -- Predominance of indirect controls in economy, market-clearing foreign exchange rate, may be slightly undervalued

Key to Symbols:

0 = neutral impact for type of trade regime
+ = positive impact for type of trade regime
- = negative impact for type of trade regime

TRADE

Initial Description of Trade Development Options Available to Southern African Countries

Measures to Stimulate Exports

There is a broad range of measures often applied in efforts to stimulate export activity and otherwise affect trade. These are not mutually exclusive, some are broad and contain elements of other measures more narrowly proscribed. Nor is there an absolute order in which such measures should be applied, if a nation wanted successively to adopt trade measures, followed later by additional or alternative measures to further promote export activity and encourage trade development. However, there may well be categories of measures most appropriate to particular trade regimes. The following list provides a brief description of incentive measures.[1]

A separate Matrix of Trade Development Options makes a crude, initial effort to "order" these incentives relative to the various conditions of trade regimes in Southern Africa. This gives a rough indication of which incentives may be appropriate for individual countries under particular trade regimes. It is also possible to see a possible "progression" through various trade development measures as countries change trade regimes

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[1] This list draws among other sources from: Donald B.Keesing, Trade Policy for Developing Countries, World Bank Staff Working Paper No. 353 (Washington D.C.: World Bank, August, 1979).

through macroeconomic reform efforts (or retrogress to more restrictive trade regimes by back-sliding or abandoning reform efforts).

BARTER AND COUNTER TRADE - Perhaps the "crudest" version of trade stimulation, barter deals promote direct exchange of goods (particular exports in return for specified imports) between countries without any financial payment and excluding third parties. Counter-purchase agreements involve export sales stipulating that payment is to be made partly or fully in commodities and is to be settled over a specified time.

BILATERAL TRADE AGREEMENTS - Usually are associated with bilateral clearing arrangements and stipulate non-binding expressions of intent to exchange a pre-determined range of products up to a specified overall value. Such agreements are usually multi-year while on a yearly basis the two countries establish a "book account" to keep track of trade in mutually agreed products to be exchanged. A swing credit limit is also established which sets the maximum amount by which the clearing account can be imbalanced, often beyond which the agreement stipulates clearing in convertible currency.[2]

REGIONAL TRADE ARRANGEMENTS - Groupings of countries with regional proximity and/or common interests can develop common trade stimuli among members while erecting uniform barriers to trade with outsiders. This is supposed to promote diversion of trade away from outsiders to the benefit of member countries. It is also supposed to stimulate specialization and exploitation of comparative advantage within the grouping of countries, widen markets and promote efficiency through economies of scale.

REST OF WORLD TARIFF, TRADE PREFERENCES FOR REGIONS, COUNTRY GROUPINGS - At the broadest level such preferences for developing countries already exist under several schemes, including the Lome Conventions and the Generalized System of Preferences. Under Lome Conventions, both a trade and aid arrangement between the EEC and 66 African, Caribbean and Pacific (ACP) states (including 45 African states) there is guaranteed duty-free entry into the EEC for some commodities produced by the ACP, aid programs, promotion of EEC investment in ACP countries and a stabilization of export earnings scheme (Stabex) to cover losses of earnings

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[2] For a discussion of barter and counter trade issues, see: Chr. Michelsen Institute, SADCC Intra-Regional Trade Study, Appendix II: "A Background on Some Counter-Trade Issues" (Gaborone, Botswana: SADCC Secretariat, January, 1986) pp. 117-124.

caused by a drop in prices or production of the main ACP agricultural exports. The Generalized System of Preferences, started in 1968 and subscribed to by some 20 developed countries, provides duty-free treatment of a broad range of developing country products. Under the U.S. GSP program there is duty-free treatment of some 3,000 products from 140 developing countries and territories (although such items constitute only approximately 3% of total U.S. imports).[3] Other more focused preferential arrangements exist, for example the Caribbean Basin Initiative of the U.S.

For groupings of countries with special concerns among the rest of the world, it is feasible to consider seeking ACCELERATED PREFERENCES for trade stimulation. Thus, the Front Line States, organized as SADCC, might seek additional trade advantages among industrial countries opposed to apartheid in South Africa. This must be done on a regional basis, but offers promise in capturing some of the "goodwill" support for black majority-ruled countries in Southern Africa facing South Africa.

DONOR PROJECT PROCUREMENT REDIRECTION - Among the many hundreds of millions of US dollars worth of project assistance to Africa, there are many project inputs which could be procured in Africa rather than from the conor or other "rest of world" sources. Active efforts to redirect some of the procurement, where appropriate products are produced in African States, can stimulate foreign exchange earnings. An example of such a program is the Zimbabwe Export Promotion Programme program to help local suppliers and manufacturers sell their goods and services to donor projects being carried out in Zimbabwe and neighboring countries. Another related example is the Swedish International Development Authority's efforts to compile a Directory of Development Consultants to stimulate regional procurement of consultancy services for SIDA funded programs in Southern Africa (especially SADCC).

EXPORT LICENSING REDUCTION/ELIMINATION - Typical of administered economies and a colonial heritage are various restrictions on exports, generally categorized as export licensing. Governments seek to restrict and/or control exports of particular (or in extreme cases all) products for a variety

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[3] For a brief discussion of the U.S. Generalized System of Preferences, see: U.S. Agency for International Development, Bureau for Program and Policy Coordination, A.I.D. Policy Paper: Trade Development, Annex C: Background Information on the U.S. Generalized System of Preferences Program (GSP)" (Washington D.C.: A.I.D., July,1986) pp. 20-21.

of reasons. These include protection of adequate domestic stocks (especially for foodstuffs), quality control, exercise of responsibility under multi-country commodity agreements, etc. Often export licensing/control is excessive, way beyond any controls mandated by commodity agreements or protection of export quality. Reductions of such licensing can contribute to reducing an anti-export bias.

REHABILITATION FOR EXPORT SECTORS - Among African economies there is a prevalence of deteriorated infrastructure and production facilities associated with once more productive and active export products. War or internal instability, economic decline, and severe forms of administered economic programs under cases of structural imbalance contribute to once buoyant export production deteriorating, becoming inefficient and high-cost. There is room for donor rehabilitation projects to target as a high priority sectors or products in agriculture, processing and/or manufacturing which could regain efficiency and earn foreign exchange through exports.

PRIORITY ADMINISTRATIVE ACCESS TO IMPORTS - Typical of administered economies is import licensing through complex administrative allocations of scarce foreign exchange (within overvalued exchange rate situations). Often there is an anti-export bias within the import licensing system, either due to the importance of historical shares in continuing allocation or the relative financial attractiveness of domestic production behind protective barriers. One of the first areas where governments seek to reduce the anti-export bias and stimulate more exports is priority provision of access to imported inputs for export production. This usually provides producers with their direct imported input requirements for export production; it is very inefficient in providing for imported inputs to indirect production going into export products or for assuring an adequate supply of imported inputs for the domestic portion of an export producer's output.

DUTY DRAWBACK SCHEMES - One hindrance to export production can be tariffs and other taxes levied on imported inputs required to produce exports. Given the highly competitive world market and the common practice among countries of duty-free access to imported inputs together with rebates on all indirect taxes, a severe anti-export bias is present where such taxes must be paid by export producers. While a moderate hindrance to exports based on local raw materials, it is a prohibitive constraint on "footloose" export products which can be produced/assembled in a broad range of countries. Intense competition means that priority in location of production/assembly operations goes to the countries with the most competitive financial packages, i.e. the least anti-export bias. As countries attempt to diversify exports into commodity processing and light manufacturing, they are at first essentially providing cheap production capacity, which must be of good quality, efficient, and with competitive provision of all the necessary imported and domestic inputs. Lacking such a package, exports cannot be competitive on world markets.

EXPORT SUBSIDIES - Administrative complications in operating duty drawback schemes sometimes lead to a less direct means of rebating indirect taxes. This takes the form of a subsidy, usually ad valorem, which is based on some estimate of the average indirect tax on a product. This can be construed by trading partners as an outright subsidy rather than a rebate of indirect taxes paid and it is often difficult to substantiate the legitimacy of the subsidy rates being paid. Variations on such an approach could include provision of certificates to exporters with which they can pay taxes, less likely to trigger retaliation. Another variation focuses on domestic subsidization of intermediate input production, attempting to hold down input costs to exporters while at the same time extending domestic import substitution. This is dangerous since it is costly and often still penalizes export producers through limited access to inferior substitutes for imported inputs.

EXPORT PROCESSING ZONES/BONDED WAREHOUSES - A cleaner administrative solution to avoiding taxation of exports is sometimes accomplished through physical segregation of export production facilities. Where producers exclusively or predominately produce for export markets, processing zones can be created which serve effectively to allow duty and indirect tax-free importation and production. Alternatively in some cases bonded warehouses can allow export producers access to duty free imports. Typically processing zones only function well for "footloose" assembly and processing activities, but here the zones function to reduce administration and hindrances to efficient production for external markets. Lack of trust, enforcement and/or inadequate penalties for violation of rules often mean that developing country governments are hesitant to free-up direct controls and move to these solutions even in cases where they are appropriate.

FOREIGN EXCHANGE RETENTION SCHEMES - Inherently associated with exchange controls and administered import systems, one stimulus to exports is often a provision allowing producers to retain a share of the net foreign exchange earnings from exports. Typically this "extra" foreign exchange has less stringent controls on its use, perhaps involving automatic import licensing for categories of allowable goods. In less controlled trade regimes such retained foreign exchange may be used for invisibles such as foreign travel, management consulting services, market development.

CROSS-SUBSIDIES - In controlled trade regimes using protection, import licensing and exchange restrictions, government has the power to cross-subsidize exports by granting privileges and thereby higher profits on domestic production. Protection of domestic market profitability at high levels can be used to make export activity privately profitable to producers. Administered prices and control on competition for domestic producers complement the tools from the trade regime in allowing government to subsidize export activity at the expense of the domestic market. This can be dangerous since it saddles the domestic economy with high cost goods, contradicts the need to make domestic inputs cost-competitive, and unless temporary makes the home market more lucrative than the export market. In one sense cross-subsidies may only neutralize the anti-export bias inherent in the controlled trade regime.

EXPORT TARGETING - This is a stronger, more selective version of cross-subsidization. Where governments can identify areas of efficient potential export opportunity, a package of conditions may be put together to stimulate producers to become competitive in these emerging areas of comparative advantage. Use of many of the tools described here can provide favored treatment to exporters, thus effectively neutralizing any anti-export bias and probably going further to provide selective pro-export encouragement and subsidization. Again extreme caution must be exercised so that the wrong emerging export sectors are not selected which never mature into efficient producers no longer needing subsidies. Also it is often very much a second-best solution to changes in the exchange rate and a dismantling of the direct administrative controls which cause an anti-export bias in the first place.

DIRECT EXPORT SUBSIDIES - One version of export targeting may involve direct financial subsidies to promising export sectors. This may be used in trade regimes moving away from exchange overvaluation and direct controls, since a dismantling of controls and reduction of overvaluation removes many of the tools government could use to provide "privileges" to selected exporters. These subsidies are still second-best to reformed and liberalized trade regimes. But they have been used effectively to nurture "infant" activity in exporting and to help firms along the learning curve towards improved efficiency. Objections by trading partners and threats of retaliation likely limit the wide-spread use of this approach and require removal once the export sector gains some size and visibility in penetrating foreign markets.

COMPETITIVE LABOR COSTS - The harsh reality of international trade is an abundance of energetic, skilled, low-cost labor in many countries emerging as export forces in world markets. This sets a standard which cannot be ignored with impunity by other developing (and developed) countries in their trade development strategies. Formal sector policies to raise wages and well-being through social welfare benefits may be self-defeating on a national scale if compensation is excessive for worker productivity and world levels of compensation. Such well-meaning social programs, often focused on urban and organized workers, come often at the expense of unorganized and rural groups whose compensation is lowered by cross-group subsidies and deflated overall growth rates. Always a sensitive area, it nevertheless must be recognized that government policies related to labor and compensation have a great deal to do in making export production more or less competitive with world levels of production cost.

PROVISION OF INFRASTRUCTURE - Many types of infrastructure are social in nature and emanate from government development efforts. These include transportation, communication, education, utilities, and public administrative services. It is possible to prioritize development and enhancement of such infrastructure with requirements of exporters coming ahead of other groups in society. Also it is possible to accelerate the provision of such services to exporters and assure that they receive services equal to that provided in other competing nations.

INDUSTRIAL ESTATES - A more active provision of infrastructure can move across the line to also provide facilities which otherwise would have to be provided by the producers directly. Thus, industrial parks with installed access roads, floor space, utilities and other amenities can be provided at subsidized cost to accelerate export activity and subsidize its initial development. While a feasible incentive for any type of production enterprise, this concept can and often is focused on priority objectives like export enhancement.

GOVERNMENT INSTITUTIONAL EXPORT PROMOTION ACTIVITIES - A common instinct of governments is to organize and fund official export promotion agencies which offer assistance to exporters in marketing and non-price considerations. Such activities usually include information sources, trade inquiries, trade shows and other forms of promotion, and market research. Often such activates are inappropriately timed and inadequate to the promotion required, coming amidst severe anti-export bias. In more favorable trade regimes the business sector is likely to pursue the types of promotion activates required on its own. It is mid-way into trade liberalization when such institutional activities may be valuable as the anti-export bias is weakened and financial opportunities for the first time are favorable in the export sector, long ignored by producers seeking higher returns in the protected home markets.

EXPORT TRAINING - Often but not always a part of export promotion, training managers and producers in the skills of exporting can be a valuable contribution to increased awareness and effectiveness in penetrating foreign markets. This not only includes foreign marketing and the financial details of foreign orders, but equally important the ability to cater to foreign standards and design criteria.

GOVERNMENT EXPORT EXPEDITING AGENCIES - Quite distinct from the usual export promotion activities governments instinctively adopt (with considerable pressure from U.N. agencies), there is a role for a one-stop, proactive agency to champion the needs and stimulation of exporters. Governments intent upon strengthening export production could do a great deal to reduce the administrative burden of laws and regulations. If an agency with real strength can facilitate decision-making and clearance for exporters, it can be a very valuable stimulus to exports and can signal a true dedication of government to get out of the way of export activity to the greatest extent possible. However, this is a difficult assignment for an agency, since it must encroach upon the administrative territory of many other government agencies and seek priority favorable treatment for exporters as a privileged group.

ACCESS TO DOMESTIC WORKING CAPITAL - Operating balances during production, prior to shipment, can be a constraint on any producer, including exporters. The provision of liberal or accelerated credit at this stage of production for export can facilitate export activity. This can be especially attractive if the terms for operating balance credit are more liberal to exporters than to other producers. This is another way in which government can help tip the balance in favor of exports.

SHORT-TERM EXPORT CREDIT AND INSURANCE - An export credit agency can be a strong incentive helping foreign buyers purchase exports. It is also increasingly important as the practice becomes more widespread, so that countries not providing such a facility place their producers at a disadvantage. While usually subsidized, such agencies are regulated by an international code on allowable interest rates and practices: the Berne Union.

MEDIUM AND LONGER TERM SUPPLIERS' CREDIT - An advanced form of export credit may come in the form of an Export-Import Bank, offering a broader range of services, longer terms, and larger backing for credit provision. Often this is most appropriate for heavy industrial goods where long-term payback periods are necessary.

TRAVEL AND CONSULTING ALLOWANCES - Essential to learning international markets and remaining competitive is frequent travel and consultation. This includes export producers and marketing staff visiting foreign markets as well as foreign customers and experts visiting the production facilities. Exchange controls often severely hamper this activity even when other export incentives are being offered, thus severely limiting the effectiveness of the broader incentive environment being offered. One way to provide some discipline and also flexibility in such invisibles is to allow exporters to use their retained foreign exchange for such purposes or for imports of allowable inputs.

CAPITAL TRANSFERS - At more advanced stages of export activity and foreign market penetration, it becomes important for large producers and/or trading houses to establish abroad: subsidiaries, offices, branches and perhaps joint ventures. Such connections abroad become critical to penetrating markets, staying current on changing tastes and product standards, and increasing export orders. Exchange restrictions create a climate where government fears such foreign connections, since transfer pricing, under- and over-invoicing and other tactics can be used to move capital against government restrictions. As the trade regime is liberalized and freed of direct controls, there is less danger of such practices while there is greater need for such arrangements to support increasingly sophisticated export activities.

PROMOTION OF PRIMARY PRODUCT EXPORTS - Often the full potential for production and export of commodities, both agricultural and mineral, is not achieved because of large scale economies and externalities. Adequate incentives are an absolute prerequisite, including favorable primary sector procurement prices, exchange rates, and taxes. But general infrastructure: including transportation, marketing, supporting utilities and inputs, and extension activities, must be efficient and properly priced. This often falls upon government either to provide directly or to promote through adequate incentives to private sector producers. Long gestation periods and large investments may mean government has to be active in infrastructure provision. And yet sound financial arrangements and eventual cost recovery are essential in most cases, since massive subsidies in this area cause government fiscal deficits and macroeconomic disequilibrium which itself hinders export activity.

PROMOTION OF EXPORT PROCESSING INDUSTRIES - This is typically an initial area where countries attempt to increase value added by deepening the domestic handling of a primary product before it is exported. Sometimes such processing is labor intensive and hardly more than extensions of agriculture. Other times it is capital intensive and technically complex. But in almost all cases there is a financial inducement to such processing in the country of primary product origin stemming from transport cost protection, i.e. the cost savings of reducing weight/bulk relative to value. Often governments provide excessive subsidy/encouragement to such activity in the belief that it is a key to industrialization. In restrictive trade regimes general conditions may mean that such activity is premature and only feasible with excessive subsidy, which can be a continuing drain on resources unless the economy moves toward a freer trade environment. With adequate supply of primary products, where comparative advantage typically lies, and moves towards a freer trade regime, such processing will naturally become feasible and lucrative. Selective encouragement by government at the right stages of reform can increase the benefits from such processing for export.

ACCEPTING MULTI-NATIONAL CORPORATIONS AND FOREIGN INVESTMENT- Although most pertinent to more sophisticated types of manufacturing, foreign investment often is associated with plantation crops, minerals, and some consumer goods. Despite the lively debate about exploitation by MNC's and widespread controls on their activities in developing nations, there is a role for properly controlled foreign investment in trade development. The presence of major world producers of products in a nation introduces production and management techniques, access to capital and marketing facilities, and possible stimulation of domestic comparative advantage. Basic reform of administered trade regimes is often necessary before foreign investment will enter an economy.

TRADING COMPANIES AND FOREIGN BUYERS - Many labor intensive consumer goods and simpler, standardized producer goods are produced by locally owned enterprises among a number of developing nations. Trade in these products is largely organized by major foreign buyers and trading companies. Such entities play a crucial role in entering export markets for such goods. Favorable treatment of these trade facilitators can open new markets and promote rapid gains in production of basic manufactured goods.

ANNEX IV

AN OVERVIEW OF SADCC

The Southern African Development Coordination Conference (SADCC) was established at a meeting between the heads of government of nine southern African countries (Angola, Botswana, Lesotho, Malawi, Mozambique, Swaziland, Tanzania, Zambia and Zimbabwe) in Lusaka in April 1980. The Lusaka Declaration which created SADCC also extended an invitation to international institutions and countries outside southern Africa to cooperate in implementing specific projects and programs for the development of the SADCC member states and the reduction of their economic dependence, particularly on the Republic of South Africa.

The members of SADCC, taken collectively, are a significant economic group, with over 70 million people and a combined GDP of about $19 billion. The region is well endowed with important natural resources, with gold and minerals comprising 80% of the export value of the region. Individually, however, most of their economies are not strong, being dependent on outside markets and transport, and with significant differences in population, geographic size, per capita income and resource endowment. GDP per capita (1986) varies from $160 in Malawi to $840 in Botswana. Most SADCC countries are heavily dependent on agriculture and the export of one or two basic commodities and are, therefore, extremely susceptible to fluctuations in world market commodity prices and the vagaries of weather and natural disasters. Only two countries, Zimbabwe and Swaziland, have significant manufacturing sectors. Four - Angola, Botswana, Zambia and Zimbabwe - have significant mining sectors which earn substantial foreign exchange.

External assistance, in terms of net ODA receipts for the SADCC countries as a group, averaged $41 per capita in 1986, although there were significant differences on a country-to-country basis, ranging from $11 per capita in the case of Angola to $92 per capita for Botswana. Net ODA receipts as a percent of GNP ranged from less than 2% in Angola and 4% in Swaziland, to 17% in Malawi and 31% in Zambia.

Formation of SADCC

The initiative to create SADCC developed from the political cooperation of the "Front Line States" (Angola, Botswana, Mozambique, Tanzania and Zambia) in supporting independence for Zimbabwe and Namibia and the abolition of apartheid in South Africa. The objective of majority rule in all of Southern Africa, however, was combined with a strong awareness of the continuing economic dependence of the independent Southern African states on the Republic of South Africa. With independence and majority rule in Zimbabwe in 1980, the Front Line States focused their attention on the political issues of Namibia and apartheid and the economic position of the independent states vis-a-vis South Africa.

In the late 1970s, South Africa had sought to create a "Constellation of Southern African States", or "CONSAS", as an economic grouping centered on South Africa, at least partly to strengthen the political process of establishing "independent homelands" within South Africa, and to draw a number of the independent Southern Africa states into a closer economic relationship. By having both internationally recognized independent countries and the new "independent homelands" as members, a CONSAS could also have improved the prospects for wider international recognition of the homelands. The independent Southern African states, however, in accordance with their own strong beliefs and the generally accepted position of the international community, refused to recognize the legitimacy of the "independence" being granted to former "Bantustans". Furthermore, they became more convinced of the need to strengthen their own economic position as a means of resisting the pressures from South Africa.

Botswana, Lesotho and Swaziland were particularly vulnerable to pressures to join a CONSAS due to their close economic links with South Africa and their participation with South Africa in the Southern African Customs Union and, in the case of Lesotho and Swaziland, the Rand Monetary Area. Among these three countries, Botswana was in the best position to act independently, and the then President of Botswana, Sir Seretse Khama, played the leading role in organizing a conference of Southern African countries at Arusha in Tanzania in 1979.

It was at the Arusha conference that the objective of the Southern African States that were to form SADCC were further developed, and the basis laid for the Lusaka Declaration a year later, following the establishment of majority rule in Zimbabwe.

The joint declaration that the nine Heads of Government issued in Lusaka on 1st April, 1980 created the basis for the establishment of SADCC and set out four principal objectives:

-- a reduction in economic dependence, particularly, but not only, on South Africa;

-- the forging of links to create a genuine and equitable regional integration;

-- the mobilization of resources to promote the implementation of national, interstate and regional policies; and

-- concerted action to secure international cooperation within the framework of SADCC's strategy for economic liberation.

The Lusaka Declaration also identified particular economic sectors for cooperation with emphasis on transport and communications, which was seen as critical to the objectives of reducing dependence on South Africa, and indicated the intention to establish a Southern Africa Transport and Communications Commission.

The Declaration, in addition, invited international bodies and states outside Southern Africa to cooperate in implementing specific programs, and proposed an annual conference to review results, evaluate performance, identify strengths and weaknesses, and agree on future plans.

The decision at Lusaka formed the basis of a "Programme of Action" for SADCC, which identified certain priorities, and the time frame within which to undertake preparatory work in selected areas of activity. Importantly, it allocated responsibility for individual sectors, on behalf of SADCC, to specific member countries. This "Programme of Action" has subsequently been expanded and made more specific by various decisions of SADCC's Council of Ministers and meetings of the Summit, comprised of the Heads of State of member countries.

Organizational Structure

In establishing SADCC, member states were conscious of previous, unsuccessful attempts at regional cooperation and integration in Eastern and Southern Africa, and of the advantages of the flexible arrangements for political cooperation among the Front Line States. They decided, as a result, to establish a relatively informal and flexible association, with only a small secretariat having limited authority. Individual member states were to undertake the preparation and implementation of sectoral programs and projects determined by consensus, with the costs of the member country's sectoral coordinating unit underwritten by the member state itself.

The more formal elements of the new organization's structure were created by a Memorandum of Understanding approved by SADCC Heads of State or Government at a meeting in Harare, Zimbabwe, in July 1981. These are known as the SADCC "institutions", and are:

-- the Summit, consisting of Heads of State and Government of all member states, meeting annually, and responsible for the "general direction and control of the functions of SADCC and the achievement of its objectives";

-- the Council of Ministers of all member states, meeting two or three times per year, and responsible to the Summit for overall policy and the coordination and supervision of SADCC's activities, and for the approval of projects to be included in the "Programme of Action";

-- the Standing Committee of Officials, consisting of the permanent secretaries (or equivalents) of the Ministers on the Council, and performing collectively for the Council the functions a permanent secretary normally performs for his Minister, including the processing of budget and project proposals for Council approval; these officials or members of their staff are also normally the designated SADCC "contact points" in their countries;

-- the Secretariat, which is the executive arm of the organization, and which is headed by an Executive Secretary, who is the principal advisor to the Council of Ministers; and

-- Sectoral Commissions, which may be created by the Summit and established by an international convention ratified by the member states; to date, only the Southern Africa Transport and Communications Commission (SATCC) and, more recently, the Southern Africa Center for Cooperation in Agricultural Research (SACCAR) have been established as separate commissions.

In addition to these "institutions", which are recognized as entities distinct from the member states, there are:

-- the annual Consultative Conference, as envisaged in the Lusaka Declaration, which is held each year with SADCC's international cooperating partners (the SADCC term for donor countries and institutions); and

-- a number of Sectoral Committees, Coordinating Units, and Sectoral Coordinators, which have been set up for the various designated sectors (other than those for which Commissions have been established). For each of these sectors there is a "Coordinating Unit" headed by a Sector Coordinator. Each Coordinating Unit is part of the national administration of the member government with coordinating responsibility for that sector. It reports to a Sectoral Committee of Ministers and supporting committees of officials, these committees being made up of representatives of each member state. Each Sectoral Committee of Ministers reports to the SADCC Council of Ministers.

In practice, the coordinating units fulfill the same functions for other sectors as do the sectoral commissions for transport/communications and for agricultural research. They differ from the commissions, however, in that they are funded by the government with coordinating responsibility for the sector concerned, rather than by assessments on member states, and do not have a separate legal status.

SADCC itself is not established by treaty or convention, but, as already noted, by a somewhat less formal Memorandum of Understanding. Its Chairman is elected for a renewable term of three years. The President of Botswana has been Chairman since the inception of SADCC. The Chairmen of both the Council of Ministers and the Standing Committee of Officials come from the same country as the President holding the Chairmanship of the Summit.

The small Secretariat is based in Gaborone, Botswana. There is also a Liaison Committee in London, under the direction of the High Commissioner for Botswana, as well as similar liaison committees of ambassadors of SADCC member states, either established or in the process of being organized, in New York, Washington, Brussels, Stockholm and other centers. For historical reasons, however, the London Committee has been the most active.

The Secretariat, which was established in its present form under the full-time Executive Secretary in 1983, is intended to provide a linkage to maintain coherence and program consistency among the component parts of SADCC. Its principal responsibilities are to service meetings of the Summit, the Council of Ministers, the Standing Committee, and the annual Consultative Conference; to coordinate, liaise with, and support the sector coordinating units in member states; and to share with the Chairman of the Council of Ministers the role of presenting SADCC policies and needs to the international community. The latter task is undertaken with the support of the sectoral coordinators, and with the cooperation of diplomatic representatives of SADCC member states.

The Secretariat has also been allocated more of a program role in certain sectors or areas of activity where work might not otherwise be undertaken, as well as some responsibility for monitoring overall sectoral performance. In addition, responsibilities related to economic planning and analysis, including the preparation of regional macroeconomic surveys, have been added more recently.

In its coordination activity, the Secretariat works closely with the sector coordinators, who meet together regularly under their Secretariat's chairmanship to review the general progress of various components of the Programme of Action, to discuss financing and technical cooperation arrangements, and (in the case of the Nordic countries and the Commission of the European Communities) to conduct programming discussions with international cooperating partners.

SADCC's decentralized system of organization is intended, *inter alia*, to keep overhead costs to a minimum. The central Secretariat, for example, consists of six professional officers and advisors. This design is also intended to provide for maximum involvement of member governments in both program preparation and implementation.

Sector Responsibilities

SADCC covers a number of sectors or sub-sectors for which a regional approach is to be undertaken, and for which individual member states have been designated to assume responsibility on behalf of SADCC. These sectoral responsibilities, as of mid-1987, are:

Angola	energy;
Botswana	agricultural research (SACCAR), livestock production and animal disease control;
Lesotho	soil and water conservation and land utilization, and tourism;
Malawi	fisheries, wildlife and forestry;
Mozambique	transport and communications (SATCC);
Swaziland	manpower;
Tanzania	industry and trade
Zambia	mining
Zimbabwe	food security

In the case of transport and communications, the Southern Africa Transport and Communication (SATCC) was created by a formal Convention approved by the Harare Summit in 1981, and subsequently ratified by member states. The Commission has its own Committee of Ministers, Coordinating Committee (of officials) and Secretariat (the SATCC Technical Unit), and is based in Maputo, Mozambique.

More recently, in 1985, the Southern Africa Center for Cooperation in Agricultural Research (SACCAR) was established under a separate Memorandum of Understanding, and is based in Gaborone, Botswana. SACCAR operates under the general supervision of the Consultative Technical Committee for Agricultural Research (CTC/AR), which includes the heads of agricultural research in each country and is in turn responsible to the Sectoral Committee of Ministers of Agriculture. SACCAR is intended to act in a coordinating role for intra-regional activities and as a documentation center for regional and, ultimately, national agricultural research activities. Individual regional programs are the responsibility of a Research Coordinator and designated executing agency or agencies for the particular commodity, with a Coordinating Committee for the commodity under SACCAR's chairmanship.

There is a general organizational pattern in all the sectors, including those covered by SATCC and SACCAR. On a day-to-day basis, sector work is the responsibility of the sectoral coordinator, who heads a small secretariat known as the technical or coordinating unit. The coordinator is normally a senior civil servant working closely with his Ministers and permanent secretary, who in turn chair Ministerial and official-level sectoral committees. The coordinating unit's technical capacity may be reinforced by aid-funded experts. The work is supervised by the sectoral Committee of Ministers, who meet periodically, and who are served by the sectoral Committee of Officials, which normally meets more frequently and whose members also serve as the contact point for that sector in their respective countries. In some cases, there are also sub-sectoral technical committees to appraise projects for inclusion in the Programme of Action.

The government with coordinating responsibility for a particular sector is responsible for the consultation process, the provision of staff and office space, and the financing of the costs involved (except in the case of SATCC and SACCAR, which have their own secretariats and where costs are intended to be met by annual contributions from all member governments or by cooperating partners).

The sectoral coordinator and the coordinating unit are located in the appropriate ministry of the responsible government (except for SATCC and SACCAR). They have responsibility for undertaking the actual liaison and consultation with both the member states and SADCC's international cooperating partners, as well as providing leadership and technical services to advance the sector program. They convene and service the sectoral committees and are expected to organize sectoral consultative meetings with the cooperating partners as required. They are also expected to prepare sector strategy papers; initiate and guide project identification, appraisal and design (in consultation with the countries where projects are located); assist in identifying sources of financing and--on request--may provide technical support to the country in which a project is located for negotiations on project financing or other tasks.

Actual procedures in the various sectors differ somewhat, but generally follow a common pattern, including:

a) preparation of a regional sector strategy paper by the coordinating unit, discussion of the paper with other SADCC members through the sectoral committees, and final approval of the paper by the Council of Ministers;

b) identification of projects by the sectoral coordinating unit or by the country or countries directly concerned;

c) appraisal of proposed projects by the coordinating unit (and, in some sectors, by technical committees), so as to ascertain that the project is consistent with the objectives, strategy and criteria for the particular SADCC sector;

d) review of projects that pass the initial appraisal stage by the sectoral committee of officials, with a screened list then being submitted to the sectoral committee of Ministers; and

e) a final screening and approval by the SADCC Council of Ministers (with subsequent endorsement by the Summit).

Project approval by the Council of Ministers constitutes acceptance of the project into the SADCC Program of Action and authority for the sector coordinator and the country (or countries) where the project is to be located to seek external financing, either at the annual Consultative Conferences or by other contacts.

Once a project reaches the implementation stage, it is the government of the country or countries where the project is to be located that has the responsibility for negotiating financing and that enters into loan and other agreements and undertakes implementation. In some cases, however, as noted above, the sectoral coordinating unit may provide assistance in this process--as in the transport and communications sector, where SATCC has a more formal institutional identity and has been given a fairly broad role in coordinating efforts to improve transport and communications links among SADCC countries, and in the energy sector.

Table 1. Basic indicators

	Population (millions) mid-1986	Area (thousands of square kilometers)	GNP per capita: Dollars 1986	GNP per capita: Average annual growth rate (percent) 1965-86	Average annual rate of inflation (percent) 1965-80	Average annual rate of inflation (percent) 1980-86	Life expectancy at birth (years) 1986
Southern African Countries							
Malawi	7.4	119	160	1.5	7.0	12.4	45
Mozambique	14.2	802	210	..	..	28.1	48
Tanzania	23.0	945	250	-0.3	9.9	21.5	53
Zambia	6.9	753	300	-1.7	6.4	23.3	53
Zimbabwe	8.7	391	620	1.2	6.3	13.0	56
Botswana	1.1	600	840	8.8	8.0	7.6	59
Lesotho	1.6	30	370	5.6	8.0	13.1	55
Swaziland							
Angola	9.0	1,247	..	..	..	..	44
South Africa							
South Africa	32.3	1,221	1,850	0.4	9.9	13.6	61
Country Groups							
Low-income economies	2,493.0 t	20,759 t	270 w	3.1 w	4.6 w	8.1 w	61 w
China and India	1,835.4 t	0 t	300 w	3.7 w	2.9 w	5.3 w	64 w
Other low-income	657.6 t	20,759 t	200 w	0.5 w	11.3 w	19.1 w	52 w
Middle-income economies	1,268.4 t	37,278 t	1,270 w	2.6 w	21.0 w	56.8 w	63 w
Lower middle-income	691.2 t	15,029 t	750 w	2.5 w	22.3 w	22.9 w	59 w
Upper middle-income	577.2 t	22,249 t	1,890 w	2.8 w	20.5 w	72.0 w	67 w
Developing economies	3,761.4 t	70,922 t	610 w	2.9 w	16.7 w	44.3 w	61 w
Oil exporters	538.3 t	13,053 t	930 w	2.5 w	15.3 w	26.0 w	59 w
Exporters of manufactures	2,132.4 t	22,472 t	540 w	4.0 w	13.0 w	51.0 w	64 w
Highly indebted countries	569.5 t	21,213 t	1,400 w	2.3 w	26.5 w	91.6 w	63 w
Sub-Saharan Africa	424.1 t	20,895 t	370 w	0.5 w	12.5 w	16.1 w	50 w
High-income oil exporters	19.1 t	4,011 t	6,740 w	1.8 w	16.4 w	-1.3 w	64 w
Industrial market economies	741.6 t	30,935 t	12,960 w	2.3 w	7.6 w	5.3 w	76 w
Nonreporting nonmembers	367.3 t	25,825 t	..	..	..	..	69 w

*t: total; w: weighted calculation

Extracted from: The World Bank's World Development Report 1988

Development Indicators for Southern Africa
Table 2. Growth of Production

	Average annual growth rate (percent)									
	GDP		Agriculture		Industry		(Manufacturing) a		Services, etc.	
	1965-80	1980-86	1965-80	1980-86	1965-80	1980-86	1965-80	1980-86	1965-80	1980-86
Southern African Countries										
Malawi	6.1	2.4	..	2.5	..	1.5	..	..	..	2.8
Mozambique	..	-9.0	..	-15.9	..	-13.[illegible]	..	..	..	0.2
Tanzania	3.7	0.9	1.6	0.8	4.2	-4.5	5.6	-4.6	6.9	2.9
Zambia b	1.8	-0.1	2.2	2.8	2.1	-0.7	5.3	0.6	1.5	-0.5
Zimbabwe	4.4	2.6	..	3.4	..	0.8	..	1.3	..	3.7
Botswana b	14.3	11.9	9.7	-9.8	24.0	19.1	13.5	6.2	11.5	7.6
Lesotho	6.6	0.9 *	..	1.6 *	..	-3.9 *	..	16.1 *	..	2.7 *
Swaziland										
Angola	..	..	..	..	..	..	..	..	..	..
South Africa										
South Africa	4.0	0.8	..	-1.3	..	-0.5	..	-1.7	..	2.4
Country Groups										
Low-income economies	4.8 w	7.5 w	2.7 w	4.9 w	7.5 w	10.6 w	7.6 w	11.2 w	5.1 w	6.6 w
China and India	5.3 w	8.6 w	2.9 w	5.7 w	8.0 w	11.3 w	7.9 w	11.7 w	5.7 w	7.8 w
Other low-income	3.1 w	2.9 w	1.9 w	2.0 w	4.6 w	4.2 w	4.8 w	4.8 w	3.8 w	3.3 w
Middle-income economies	6.6 w	2.3 w	3.4 w	2.3 w	7.0 w	2.1 w	8.2 w	2.5 w	7.6 w	2.6 w
Lower middle-income	6.5 w	1.8 w	3.4 w	2.1 w	8.4 w	1.2 w	7.4 w	3.0 w	7.5 w	2.3 w
Upper middle-income	6.7 w	2.5 w	3.4 w	2.4 w	6.5 w	2.5 w	..	2.4 w	7.7 w	2.7 w
Developing economies	6.1 w	3.8 w	3.1 w	3.6 w	7.2 w	4.6 w	8.0 w	5.9 w	7.1 w	3.4 w
Oil exporters	7.1 w	1.7 w	3.4 w	2.4 w	6.8 w	1.6 w	8.5 w	2.4 w	8.7 w	1.9 w
Exporters of manufactures	6.6 w	6.2 w	3.0 w	5.0 w	8.9 w	7.8 w	9.1 w	8.6 w	7.4 w	5.3 w
Highly indebted countries	6.6 w	0.7 w	2.0 w	1.8 w	7.3 w	-0.2 w	7.3 w	0.4 w	7.2 w	1.0 w
Sub-Saharan Africa	5.6 w	0.0 w	1.6 w	1.2 w	9.4 w	-1.6 w	8.5 w	0.3 w	7.5 w	0.1 w
High-income oil exporters	7.8 w	-3.3 w	5.7 w	..	6.5 w	..	9.6 w	..	11.1 w	..
Industrial market economies	3.6 w	2.5 w	0.9 w	2.5 w	3.2 w	2.5 w	3.7 w	..	3.6 w	2.6 w

a. Because manufacturing is generally the most dynamic part of the industrial sector, its growth rate is shown separately.
b. GDP and its components are at purchaser values. c. World Bank estimate. * Figures for years other than those specified.
Extracted from: The World Bank's World Development Report 1988

Development Indicators for Southern Africa

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Table 3. Structure of production

	GDP a (millions of dollars)		Distribution of gross domestic product (percent)							
			Agriculture		Industry		(Manufacturing) b		Services, etc.	
	1965	1986	1965	1986	1965	1986	1965	1986	1965	1986
Southern African Countries										
Malawi	220	1,100	50	37	13	18	..	12	37	45
Mozambique	..	4,300	..	35	..	12	..	..	..	53
Tanzania	790	4,020	46	59	14	10	8	6	40	31
Zambia c	1,060	1,660	14	11	54	48	6	20	32	41
Zimbabwe	960	4,940	18	11	35	46	20	30	47	43
Botswana c	50	1,150	34	4	19	58	12	6	47	38
Lesotho	50	230	65	21	5	27	1	13	30	52
Swaziland										
Angola	..	..	..	..	..	..	..	..	..	..
South Africa										
South Africa	10,540	56,370	10	6	42	46	23	22	45	49
Country Groups										
Low-income economies	146,330 t	621,260 t	42 w	32 w	28 w	35 w	21 w	24 w	30 w	32 w
China and India	111,850 t	475,670 t	42 w	31 w	31 w	39 w	24 w	27 w	27 w	30 w
Other low-income	34,480 t	145,590 t	43 w	38 w	18 w	20 w	10 w	11 w	41 w	41 w
Middle-income economies	202,630 t	1,740,010 t	22 w	15 w	33 w	36 w	19 w	22 w	45 w	48 w
Lower middle-income	65,950 t	504,440 t	30 w	22 w	25 w	30 w	15 w	17 w	43 w	46 w
Upper middle-income	136,680 t	1,235,570 t	18 w	10 w	37 w	40 w	21 w	25 w	46 w	50 w
Developing economies	348,960 t	2,361,270 t	30 w	19 w	31 w	36 w	20 w	..	38 w	46 w
Oil exporters	58,080 t	642,360 t	24 w	18 w	31 w	33 w	14 w	15 w	46 w	49 w
Exporters of manufactures	178,990 t	..	34 w	18 w	32 w	..	24 w	..	31 w	.. w
Highly indebted countries	111,120 t	713,560 t	20 w	15 w	34 w	36	22 w	..	46 w	47 w
Sub-Saharan Africa	26,440 t	165,990 t	45 w	26 w	19 w	25 w	9 w	10 w	37 w	36 w
High-income oil exporters	6,820 t	153,270 t	5 w	..	65 w	..	5 w	..	30 w	..
Industrial market economies	1,373,360 t	10,451,880 t	5 w	3 w	40 w	35	29 w	..	54 w	61

a. See the technical notes. b. Because manufacturing is generally the most dynamic part of the industrial sector, its share of GDP is shown separately. c. GDP and its components are shown at purchaser values. d. World Bank estimate. e. Services, etc. includes the unallocated share of GDP.

Extracted from: The World Bank's World Development Report 1988

Development Indicators for Southern Africa
Table 4. Growth of consumption and investment

	Average annual growth rate (percent)					
	General government consumption		Private consumption, etc.		Gross domestic investment	
	1965-80	1980-86	1965-80	1980-86	1965-80	1980-86
Southern African Countries						
Malawi	5.7	3.7	4.3	-0.1	9.0	-7.9
Mozambique	..	-11.0	..	-5.3	..	-22.8
Tanzania	a	-7.0	4.6	1.0	6.2	1.8
Zambia	5.1	-3.3	0.1	0.5	-3.6	-7.1
Zimbabwe	a	8.4	6.3 *	-2.2	0.9	-4.7
Botswana	12.0	12.8 *	9.2	4.2 *	21.0	-6.9 *
Lesotho	12.3	..	8.6	..	17.3	..
Swaziland						
Angola	..	..	..	..	..	..
South Africa						
South Africa	4.9	3.7	3.3	1.5	4.0	-8.2
Country Groups						
Low-income economies	5.7 w	5.4 w	3.8 w	5.4 w	7.4 w	13.2 w
China and India	6.1 w	6.1 w	4.0 w	6.2 w	8.3 w	14.9 w
Other low-income	4.1 w	1.7 w	2.9 w	2.7 w	3.7 w	0.4 w
Middle-income economies	7.9 w	1.8 w	6.5 w	2.0 w	8.9 w	-2.3 w
Lower middle-income	8.7 w	2.2 w	6.0 w	2.4 w	9.2 w	-3.4 w
Upper middle-income	7.6 w	1.6 w	6.9 w	1.9 w	9.7 w	-1.9 w
Developing economies	7.3 w	2.7 w	5.7 w	2.9 w	8.5 w	2.4 w
Oil exporters	11.1 w	1.4 w	7.4 w	1.5 w	11.3 w	-3.1 w
Exporters of manufactures	6.3 w	3.9 w	5.9 w	4.2 w	8.6 w	8.0 w
Highly indebted countries	7.0 w	0.6 w	6.6 w	0.7 w	8.4 w	-6.3 w
Sub-Saharan Africa	8.1 w	-1.0 w	4.9 w	0.7 w	6.8 w	-9.3 w
High-income oil exporters	..	..	..	..	16.7 w	..
Industrial market economies	2.8 w	2.9 w	4.0 w	2.6 w	3.0 w	2.8 w

a. General government consumption figures are not available separately; they are included in private consumption, etc.. * Figures for years other than those specified.
Extracted from: The World Bank's World Development Report 1988

Development Indicators for Southern Africa
Table 5. Structure of demand

	Distribution of gross domestic product (percent)											
	General government consumption		Private consumption, etc.		Gross domestic investment		Gross domestic savings		Exports of goods and nonfactor services		Resource balance	
	1965	1986	1965	1986	1965	1986	1965	1986	1965	1986	1965	1986
Southern African Countries												
Malawi	16	18	84	75	14	10	0	7	19	22	-14	-[illegible]
Mozambique	..	15	..	86	..	9	..	-1	..	3	..	-16
Tanzania	10	8	74	89	15	17	16	2	26	10	1	-15
Zambia	15	25	45	62	25	15	40	[illegible]	49	46	15	-2
Zimbabwe	12	19	65	62	15	18	23	20	..	26	8	2
Botswana	24	28 *	89	47 *	6	25 *	-13	26 *	32	63 *	-19	-1 *
Lesotho	18	35	109	143	11	33	-26	-78	16	12	-38	-112
Swaziland												
Angola	..	..	..	..	..	..	..	..	..	..	..	..
South Africa												
South Africa	11	19	62	51	28	19	27	30	25	33	0	10
Country Groups												
Low-income economies	12 w	13 w	73 w	62 w	20 w	29 w	17 w	25 w	7 w	10 w	-7 w	[illegible] w
China and India	13 w	13 w	66 w	57 w	22 w	32 w	21 w	30 w	4 w	9 w	-1 w	-2 w
Other low-income	10 w	12 w	78 w	79 w	15 w	15 w	12 w	7 w	19 w	14 w	-3 w	-8 w
Middle-income economies	11 w	13 w	65 w	63 w	21 w	22 w	21 w	24 w	17 w	22 w	0 w	1 w
Lower middle-income	11 w	13 w	73 w	69 w	17 w	19 w	16 w	17 w	15 w	21 w	-1 w	-1 w
Upper middle-income	11 w	13 w	65 w	51 w	23 w	24 w	23 w	26 w	18 w	22 w	1 w	2 w
Developing economies	11 w	13 w	68 w	63 w	21 w	24 w	20 w	24 w	13 w	19 w	-1 w	[illegible] w
Oil exporters	10 w	14 w	69 w	63 w	19 w	22 w	21 w	22 w	18 w	16 w	2 w	0 w
Exporters of manufactures	13 w	12 w	65 w	60 w	23 w	29 w	22 w	29 w	8 w	18 w	-1 w	[illegible] w
Highly indebted countries	10 w	11 w	67 w	67 w	21 w	19 w	22 w	22 w	14 w	16 w	1 w	2 w
Sub-Saharan Africa	11 w	13 w	73 w	74 w	15 w	14 w	15 w	11 w	22 w	19 w	1 w	-2 w
High-income oil exporters	15 w	..	30 w	..	20 w	..	54 w	..	62 w	..	35 w	..
Industrial market economies	15 w	17 w	61 w	62 w	23 w	21 w	23 w	21 w	12 w	17 w	0 w	0 w

a. General government consumption figures are not available separately; they are included in private consumption, etc..
* Figures for years other than those specified.
Extracted from: The World Bank's World Development Report 1988

Development Indicators for Southern Africa
Table 6. Structure of consumption

	Percentage share of total household consumption (range of years, 1980-85)										
	Food			Gross rents, fuel and power				Transport and communication		Other consumption	
	Total	Cereals and tubers	Clothing and footwear	Total	Fuel and power	Medical care	Education	Total	Motor cars	Total	Other consumer durables
Southern African Countries											
Malawi	55	28	5	12	2	3	4	7	2	15	3
Mozambique	..	..	..	..	..	..	..	..	..	..	..
Tanzania	62	30	12	8	3	1	5	2	0	10	3
Zambia	50	13	7	10	2	5	6	2	0	21	2
Zimbabwe	43	9	11	13	5	0	8	6	1	19	..
Botswana	35	13	8	15	5	4	9	8	2	22	7
Lesotho	..	..	..	..	..	..	..	..	..	..	..
Swaziland											
Angola	..	..	..	..	..	..	..	..	..	..	..
South Africa											
South Africa	..	..	..	..	..	..	..	..	..	..	..

Extracted from: The World Bank's World Development Report 1988

Development Indicators for Southern Africa
Table 7. Agriculture and food

	Value added in agriculture (millions of current dollars)		Cereal imports (thousands of metric tons)		Food aid in cereals (thousands of metric tons)		Fertilizer consumption (hundreds of grams of plant nutrient per hectare of arable land)		Average index of food production per capita (1979-81=100)
	1970	1986	1974	1986	1974/75	1985/86	1970 a	1985	1984-86
Southern African Countries									
Malawi	119	404	17	6	0	5	52	143	90
Mozambique	..	1,505	62	393	34	252	27	12	85
Tanzania	473	2,367	431	244	148	66	30	76	92
Zambia b	191	179	93	148	5	82	71	155	96
Zimbabwe	214	562	56	54	0	..	466	622	92
Botswana b	28	45	21	141	5	49	14	4	76
Lesotho	23	49	49	144	14	40	17	117	83
Swaziland									
Angola	..	..	149	276	0	53	45	58	90
South Africa									
South Africa	1,362	3,207	127	734			425	657	83
Country Groups									
Low-income economies	74,755 t	202,825 t	21,897 t	18,038 t	5,718 t	6,384 t	168 w	674 w	114 w
China and India	55,045 t	147,927 t	12,724 t	7,457 t	1,582 t	548 t	217 w	939 w	118 w
Other low-income	19,710 t	54,800 t	9,173 t	10,581 t	4,136 t	5,836 t	80 w	234 w	101 w
Middle-income economies	57,710 t	255,490 t	44,011 t	72,109 t	2,263 t	4,149 t	292 w	603 w	103 w
Lower middle-income	28,320 t	112,130 t	15,701 t	27,525 t	1,880 t	4,115 t	150 w	422 w	105 w
Upper middle-income	29,390 t	143,360 t	28,310 t	44,584 t			402 w	739 w	102 w
Developing economies	132,470 t	458,310 t	65,908 t	90,147 t	7,981 t	10,526 t	232 w	644 w	110 w
Oil exporters	21,070 t	112,550 t	15,972 t	30,913 t	1,038 t	1,911 t	131 w	555 w	105 w
Exporters of manufactures	72,270 t	216,070 t	29,229 t	36,852 t	1,900 t	567 t	341 w	950 w	116 w
Highly indebted countries	27,500 t	103,870 t	13,655 t	20,208 t	637 t	1,154 t	65 w	374 w	101 w
Sub-Saharan Africa	15,500 t	60,530 t	3,934 t	8,730 t	910 t	3,655 t	32 w	91 w	[illegible] w
High-income oil exporters	340 t	..	1,327 t	7,347 t			58 w	1,248 w	..
Industrial market economies	87,730 t	304,700 t	65,494 t	60,855 t			986 w	1,164 w	103 w

a. Average for 1969-71. b. Value added in agriculture data are at purchaser values. c. Value added in agriculture data refer to net domestic product at factor cost. d. Includes Luxembourg.
Extracted from: The World Bank's World Development Report 1988

Development Indicators for Southern Africa
Table 8. Structure of manufacturing

	Value added in manufacturing (millions of current dollars)		Distribution of manufacturing value added (percent; current prices)									
			Food and agriculture		Textiles and clothing		Machinery and transport equipment		Chemicals		Other a	
	1970	1985	1970	1985	1970	1985	1970	1985	1970	1985	1970	1985
Southern African Countries												
Malawi	..	126	51	49 *	17	13 *	3	2 *	10	11 *	20	25 *
Mozambique	..	..	51	..	13	..	5	..	3	..	28	..
Tanzania	116	393	36	28	28	26	5	8	4	7	26	31
Zambia b	181	513	49	44	9	13	5	9	10	9	27	25
Zimbabwe	293	1,314	24	28	16	16	9	10	11	9	40	36
Botswana b	5	49	..	52 *	..	12 *	..	0 *	..	4 *	..	32 *
Lesotho	3	26	11 *	12	26 *	20	0 *	0	0 *	0	63 *	65
Swaziland												
Angola	..	..	..	..	..	..	..	..	..	..	..	..
South Africa												
South Africa	3,914	11,096	15	16	13	7	17	16	10	12	45	49
Country Groups												
Low-income economies	40,890 t	145,750 t										
China and India	35,750 t	130,700 t										
Other low-income	5,140 t	15,050 t										
Middle-income economies	64,310 t	358,300 t										
Lower middle-income	15,390 t	85,260 t										
Upper middle-income	48,920 t	273,040 t										
Developing economies	105,200 t	504,050 t										
Oil exporters	16,010 t	114,150 t										
Exporters of manufactures	63,780 t	289,200 t										
Highly indebted countries	38,730 t	186,920 t										
Sub-Saharan Africa	3,310 t	19,130 t										
High-income oil exporters	600 t	..										
Industrial market economies	598,270 t	2,012,650 t										

a. Includes unallocable data; see the technical notes. b. Value added in manufacturing data are at purchaser values. c. World Bank estimate. *Figures for years other than those specified.
Extracted from: The World Bank's World Development Report 1988

Development Indicators for Southern Africa
Table 9. Manufacturing earnings and output

	Earnings per employee					Total earnings as percentage of value added				Gross output per employee (1980=100)			
	Growth rates		Index (1980=100)										
	1970-80	1980-85	1983	1984	1985	1970	1983	1984	1985	1970	1983	1984	1985
Southern African Countries													
Malawi	..	..	105	..	..	36	38	..	..	121	92	..	..
Mozambique	..	..	..	..	..	29	..	..	..	..	..	..	..
Tanzania	..	-14.5	61	53	45	42	35	34	34	122	77	78	74
Zambia	-3.2	-2.1	96	96	95	33	26	26	26	110	98	97	103
Zimbabwe	1.6	5.4	106	114	142	43	40	44	44	99	98	104	113
Botswana	10.4 *	-4.2	80	81	85	..	39	40	..	..	70	69	..
Lesotho	..	..	112	..	..	..	48	48	48	..	110	137	151
Swaziland													
Angola	..	..	..	..	..	..	..	..	..	..	..	..	..
South Africa													
South Africa	2.7 *	1.3	108	109	106	46	52	50	50	50	93	96	95

* Figures for years other than those specified.
Extracted from: The World Bank's World Development Report 1988

Development Indicators for Southern Africa
Table 10. Commercial energy

	Average annual energy growth rate (percent)				Energy consumption per capita (kilograms of oil equivalent)		Energy imports as a percentage of merchandise exports	
	Energy production		Energy consumption					
	1965-80	1980-86	1965-80	1980-86	1965	1986	1965	1986
Southern African Countries								
Malawi	18.2	5.0	8.0	-0.7	25	43	7	8
Mozambique	19.8	-50.1	2.2	1.8	81	86	13	..
Tanzania	7.3	2.5	3.7	2.0	37	35	10	39
Zambia	25.7	1.0	4.0	-0.4	464	381	6	12
Zimbabwe	-0.7	-0.9	5.2	0.4	441	517	7	7
Botswana	8.8	2.7	9.5	2.2	191	430	..	..
Lesotho	..	..	..	..	..	..	..	..
Swaziland								
Angola	19.9	12.1	5.3	2.7	114	202	2	..
South Africa								
South Africa	5.1	6.5	4.3	3.9	1,744	2,470	* 5	0
Country Groups								
Low-income economies	9.1 w	6.4 w	8.2 w	5.6 w	131 w	314 w	5 w	9 w
China and India	9.1 w	6.6 w	8.8 w	5.8 w	146 w	394 w	4 w	6 w
Other low-income	9.0 w	2.9 w	2.9 w	3.8 w	71 w	86 w	7 w	17 w
Middle-income economies	4.9 w	3.0 w	6.6 w	2.8 w	487 w	883 w	8 w	12 w
Lower middle-income	10.6 w	2.8 w	7.0 w	4.1 w	179 w	346 w	8 w	12 w
Upper middle-income	3.8 w	3.0 w	6.5 w	2.4 w	823 w	1,527 w	9 w	12 w
Developing economies	5.9 w	4.0 w	7.2 w	3.9 w	252 w	506 w	8 w	11 w
Oil exporters	5.0 w	1.5 w	7.6 w	2.9 w	298 w	608 w	5 w	5 w
Exporters of manufactures	7.1 w	5.7 w	7.8 w	4.3 w	246 w	569 w	8 w	12 w
Highly indebted countries	3.6 w	1.9 w	6.9 w	2.1 w	420 w	764 w	6 w	10 w
Sub-Saharan Africa	15.3 w	-1.0 w	6.4 w	2.3 w	62 w	103 w	7 w	8 w
High-income oil exporters	6.4 w	-10.7 w	7.7 w	5.2 w	1,345 w	3,313 w	..	..
Industrial market economies	2.1 w	1.9 w	3.0 w	0.4 w	3,745 w	4,952 w	11 w	13 w
Nonreporting nonmembers	4.6 w	2.9 w	4.4 w	2.9 w	2,509 w	4,552 w	..	..

Extracted from: The World Bank's World Development Report 1988

Development Indicators for Southern Africa
Table 11. Growth of merchandise trade

	Merchandise trade (millions of dollars)		Average annual growth rate a (percent)				Terms of trade (1980=100)	
	Exports	Imports	Exports		Imports			
	1986	1986	1965-80	1980-86	1965-80	1980-86	1984	1986
Southern African Countries								
Malawi	243	260	4.3	1.1	3.3	-6.5	97	85
Mozambique	159	459	..	..	..	..	..	..
Tanzania	343	1,059	-4.0	-9.8	1.6	[illegible]	96	104
Zambia	689	714	1.7	-2.1	-6.1	[illegible]	76	[illegible]
Zimbabwe	1,301	1,137	3.5	-2.7	-1.5	-4.7	96	86
Botswana c	..	..	..	..	..	..	..	..
Lesotho c	..	..	..	..	..	..	..	..
Swaziland								
Angola	1,707	1,090	..	..	..	..	..	..
South Africa								
South Africa c	18,434	12,989	6.1	-0.4	0.1	-9.5	82	72
Country Groups								
Low-income economies	61,229 t	88,754 t	3.7 w	6.5 w	2.7 w	7.2 w	97 m	91 m
China and India	43,161 t	58,845 t	4.8 w	9.5 w	4.5 w	11.9 w	102 m	105 m
Other low-income	17,922 t	29,690 t	0.5 w	0.6 w	1.1 w	-0.1 w	97 m	91 m
Middle-income economies	364,355 t	368,656 t	3.2 w	4.6 w	6.1 w	-0.9 w	96 m	94 m
Lower middle-income	84,172 t	98,942 t	6.7 w	2.4 w	6.1 w	-2.4 w	96 m	92 m
Upper middle-income	[illegible] t	269,715 t	1.7 w	5.6 w	6.3 w	-0.1 w	94 m	96 m
Developing economies	425,984 t	457,155 t	3.1 w	4.5 w	5.5 w	0.5 w	96 m	93 m
Oil exporters	84,587 t	90,443 t	0.0 w	1.8 w	9.3 w	-5.4 w	96 m	57 m
Exporters of manufactures	217,171 t	230,994 t	7.7 w	5.4 w	[illegible]	1.4 w	101 m	108 m
Highly indebted countries	98,395 t	86,302 t	6.4 w	1.6 w	6.3 w	7.2 w	[illegible] m	92 m
Sub-Saharan Africa	28,285 t	29,229 t	6.6 w	-2.1 w	4.9 w	-7.5 w	97 m	87 m
High-income oil exporters	43,374 t	35,344 t	5.6 w	-12.5 w	13.3 w	-7.7 w	97 m	46 m
Industrial market economies	1,443,629 t	1,510,671 t	7.1 w	3.3 w	6.7 w	4.8 w	101 m	109 m
Nonreporting nonmembers	160,356 t	152,076 t	..	..	..	..	..	..

a. See the technical notes. b. World Bank estimate. c. Figures are for the South African Customs Union comprising South Africa, Namibia, Lesotho, Botswana, and Swaziland; trade between the component territories is excluded.
Extracted from: The World Bank's World Development Report 1988

Development Indicators for Southern Africa
Table 12. Structure of merchandise exports

	Percentage share of merchandise exports									
	Fuels, minerals, and metals		Other primary commodities		Machinery and transport equipment		Other manufactures		(Textiles and clothing) a	
	1965	1986	1965	1986	1965	1986	1965	1986	1965	1986
Southern African Countries										
Malawi	0	0	99	84	0	5	1	11	0	..
Mozambique	14	..	84	..	0	..	2	..	1	..
Tanzania	4	4	83	79	0	3	13	14	0	..
Zambia	97	96	3	1	0	1	0	2	0	..
Zimbabwe	24	23	47	41	6	3	23	34	6	..
Botswana b	..	..	..	..	..	..	..	..	..	..
Lesotho b	..	..	..	..	..	..	..	..	..	..
Swaziland										
Angola	6	..	76	..	1	..	17	..	0	..
South Africa										
South Africa b	24	40	44	21	3	3	29	36	1	..
Country Groups										
Low-income economies	17 w	15 w	57 w	29 w	1 w	11 w	26 w	44 w	..	..
China and India	8 w	12 w	45 w	22 w	2 w	14 w	45 w	52 w	..	..
Other low-income	25 w	21 w	69 w	47 w	0 w	2 w	12 w	27 w	5 w	17 w
Middle-income economies	31 w	28 w	48 w	20 w	3 w	14 w	15 w	35 w	5 w	11 w
Lower middle-income	29 w	38 w	63 w	34 w	1 w	3 w	7 w	24 w	2 w	..
Upper middle-income	39 w	25 w	39 w	16 w	3 w	19 w	19 w	38 w	6 w	12 w
Developing economies	27 w	26 w	51 w	22 w	2 w	14 w	18 w	37 w	6 w	11 w
Oil exporters	58 w	72 w	35 w	12 w	1 w	4 w	6 w	9 w	..	..
Exporters of manufactures	9 w	8 w	45 w	14 w	6 w	25 w	41 w	54 w	15 w	17 w
Highly indebted countries	38 w	36 w	51 w	32 w	3 w	11 w	8 w	21 w	1 w	..
Sub-Saharan Africa	33 w	48 w	59 w	40 w	1 w	1 w	7 w	10 w	0 w	..
High-income oil exporters	98 w	88 w	1 w	1 w	1 w	3 w	1 w	8 w	..	..
Industrial market economies	9 w	8 w	22 w	12 w	32 w	42 w	37 w	37 w	6 w	4 w

a. Textiles and clothing is a subgroup of other manufactures. b. Figures are for the South African Customs Union comprising South Africa, Namibia, Lesotho, Botswana, and Swaziland; trade between the component territories is excluded.
Extracted from: The World Bank's World Development Report 1988

Development Indicators for Southern Africa
Table 13. Structure of merchandise imports

	Percentage share of merchandise imports									
	Food		Fuels		Other primary commodities		Machinery and transport equipment		Other manufactures	
	1965	1986	1965	1986	1965	1986	1965	1986	1965	1986
Southern African Countries										
Malawi	15	7	5	7	3	3	21	34	57	50
Mozambique	17	..	8	..	7	..	24	..	45	..
Tanzania	..	4	..	16	..	2	..	30	..	48
Zambia	9	4	10	12	3	1	33	40	45	42
Zimbabwe	13	12	8	6	3	2	31	36	46	43
Botswana a	..	..	..	..	..	..	..	..	..	..
Lesotho a	..	..	..	..	..	..	..	..	..	..
Swaziland										
Angola	18	..	2	..	2	..	24	..	54	..
South Africa										
South Africa a	5	3	5	0	11	4	42	43	37	50
Country Groups										
Low-income economies	..	10 w	..	6 w	..	6 w	..	30 w	..	48 w
China and India	..	8 w	..	5 w	..	6 w	..	29 w	..	53 w
Other low-income	19 w	14 w	6 w	10 w	5 w	4 w	29 w	32 w	44 w	38 w
Middle-income economies	15 w	10 w	8 w	11 w	10 w	7 w	28 w	33 w	36 w	43 w
Lower middle-income	16 w	11 w	7 w	11 w	6 w	5 w	30 w	33 w	40 w	40 w
Upper middle-income	15 w	10 w	8 w	14 w	12 w	8 w	29 w	32 w	36 w	36 w
Developing economies	17 w	10 w	7 w	10 w	10 w	7 w	29 w	32 w	36 w	41 w
Oil exporters	14 w	13 w	6 w	5 w	5 w	5 w	34 w	41 w	40 w	39 w
Exporters of manufactures	22 w	9 w	7 w	11 w	17 w	6 w	23 w	30 w	31 w	42 w
Highly indebted countries	14 w	11 w	7 w	11 w	10 w	7 w	34 w	35 w	35 w	35 w
Sub-Saharan Africa	15 w	12 w	6 w	7 w	4 w	3 w	30 w	34 w	45 w	42 w
High-income oil exporters	20 w	15 w	2 w	2 w	5 w	2 w	32 w	35 w	40 w	45 w
Industrial market economies	19 w	10 w	11 w	12 w	19 w	7 w	19 w	33 w	31 w	37 w

a. Figures are for the South African Customs Union comprising South Africa, Namibia, Lesotho, Botswana, and Swaziland; trade between the component territories is excluded.

Extracted from: The World Bank's World Development Report 1988

Development Indicators for Southern Africa

Table 14. Origin and destination of manufactured exports

Origin	Manufactured exports (millions of dollars) 1965		Manufactured exports (millions of dollars) 1986		Destination of manufactured exports (percentage of total): Industrial market economies 1965	Industrial market economies 1986	Nonreporting nonmember economies 1965	Nonreporting nonmember economies 1986	High income oil exporters 1965	High income oil exporters 1986	Developing economies a 1965	Developing economies a 1986
Southern African Countries												
Malawi	0		39		3	39 *	0	0 *	0	0 *	97	61 *
Mozambique	3		..		27	2 *	5	0 *	0	9 *	68	89 *
Tanzania	23		58		93	86 *	0	2 *	0	1 *	7	12 *
Zambia	1		21		14	67 *	0	0 *	0	1 *	86	32 *
Zimbabwe	116		365		12	78 *	2	0 *	0	0 *	86	22 *
Botswana b	..		..		..	..	..	..	..	..	..	..
Lesotho b	..		..		..	..	..	..	..	..	..	..
Swaziland												
Angola	36		..		3	..	0	..	0	..	97	..
South Africa												
South Africa b	443		7,122		94	..	0	..	0	..	6	..
Country Groups												
Low-income economies	2,420	t	32,785	t	56 w	45 w	9 w	3 w	2 w	4 w		
China and India	1,850	t	27,576	t	55 w	39 w	11 w	5 w	2 w	3 w		
Other low-income	537	t	4,939	t	58 w	66 w	4 w	4 w	2 w	8 w		
Middle-income economies	5,475	t	180,631	t	45 w	60 w	22 w	7 w	1 w	3 w	35 w	31 w
Lower middle-income	714	t	23,336	t	38 w	55 w	10 w	2 w	6 w	6 w	36 w	32 w
Upper middle-income	4,878	t	161,213	t	46 w	60 w	23 w	8 w	1 w	3 w	31 w	30 w
Developing economies	7,984	t	214,337	t	47 w	56 w	19 w	7 w	2 w	3 w	32 w	32 w
Oil exporters	610	t	11,240	t	52 w	..	11 w	..	3 w	..	34 w	..
Exporters of manufactures	6,083	t	177,532	t	42 w	54 w	24 w	8 w	1 w	2 w	34 w	33 w
Highly indebted countries	1,318	t	32,115	t	43 w	..	20 w	..	0 w	..	38 w	..
Sub-Saharan Africa	366	t	3,160	t	55 w	34 w	1 w	0 w	0 w	0 w	44 w	57 w
High-income oil exporters	115	t	4,498	t	30 w	..	..	..	21 w	..	49 w	..
Industrial market economies	86,373	t	1,151,136	t	67 w	74 w	2 w	2 w	1 w	2 w	30 w	22 w

a. Includes unallocable data. b. Figures are for the South African Customs Union comprising South Africa, Namibia, Lesotho, Botswana, and Swaziland; trade between the component territories is excluded. c. Includes Luxembourg.

* Figures are for 1983, 1984 or 1985.

Extracted from: The World Bank's World Development Report 1988

Development Indicators for Southern Africa
Table 15. Balance of payments and reserves

	Current account balance (millions of dollars)		External financing requirement (millions of dollars)		Receipts of workers' remittances (millions of dollars)		Net direct private investment (millions of dollars)		Gross international reserves		
									millions of dollars		In months of import coverage
	1970	1986	1970	1986	1970	1986	1970	1986	1970	1986	1986
Southern African Countries											
Malawi	(35)	(57) a	(46)	(84) a	..	..	9	..	29	30	1
Mozambique	..	(363)	..	(576)	..	50	..	..	..	..	..
Tanzania	(36)	(514)	(37)	(533)	..	5	..	..	65	61	0.7
Zambia	108	(302)	107	(323)	..	..	(297)	..	515	71	0.8
Zimbabwe	(14) a	(42) a	(13) a	(91) a	..	..	..	..	59	316	1.4
Botswana	(31)	169	(37)	68	..	..	6	90	..	1,198	15
Lesotho	19 a	(9)	0 a	(64)	29 a	..	..	4	..	66	1.8
Swaziland											
Angola	..	..	..	..	..	..	..	..	..	..	..
South Africa											
South Africa	(1,215)	3,125	(1,253)	3,114	..	..	318	(16)	1,057	2,254	1.5
Country Groups											
Low-income economies									3,223	t 33,624 t	4.2 w
China and India									1,023	t 26,898 t	5.5 w
Other low-income									2,200	t 6,727 t	2.2 w
Middle-income economies									15,738	t126,940 t	[illegible] w
Lower middle-income									4,927	t 39,263 t	[illegible] w
Upper middle-income									10,811	t 87,677 t	[illegible] w
Developing economies									18,961	t160,565 t	3.5 w
Oil exporters									3,685	t 32,780 t	[illegible] w
Exporters of manufactures									5,994	t 73,329 t	[illegible] w
Highly indebted countries									5,958	t 47,586 t	[illegible] w
Sub-Saharan Africa									2,020	t 6,787 t	2.1 w
High-income oil exporters									2,475	t 37,664 t	[illegible] w
Industrial market economies									72,868	t610,996 t	[illegible] w

a. World Bank estimates.
Extracted from: The World Bank's World Development Report 1988

Development Indicators for Southern Africa
Table 16. Total external debt

	Long-term debt (millions of dollars): Public and publicly guaranteed		Long-term debt (millions of dollars): Private nonguaranteed		Use of IMF credit (millions of dollars)		Short-term debt (millions of dollars)		Total external debt (millions of dollars)	
	1970	1986	1970	1986	1970	1986	1970	1986	1970	1986
Southern African Countries										
Malawi	122	910	0	0	0	124	..	80	..	1,114
Mozambique	..	..	..	..	0	0	..	..	..	..
Tanzania	250	3,650	15	0	0	45	..	260	..	3,955
Zambia	623	3,575	30	0	0	825	..	900	..	5,300
Zimbabwe	233	1,712	..	46	0	234	..	489	..	2,481
Botswana	17	355	0	0	0	0	..	3	..	358
Lesotho	8	182	0	0	0	0	..	4	..	186
Swaziland										
Angola										
South Africa										
South Africa	..	..	..	..	0	0	..	..	..	..

Extracted from: The World Bank's World Development Report 1988

Development Indicators for Southern Africa
Table 17. Flow of public and private external capital

	Disbursements (millions of dollars)				Repayment of principal (millions of dollars)				Net flow a (millions of dollars)			
	Public and publicly guaranteed		Private nonguaranteed		Public and publicly guaranteed		Private nonguaranteed		Public and publicly guaranteed		Private nonguaranteed	
	1970	1986	1970	1986	1970	1986	1970	1986	1970	1986	1970	1986
Southern African Countries												
Malawi	40	119	0	0	3	72	0	0	37	47	0	0
Mozambique	..	..	..	..	..	..	..	..	..	..	..	..
Tanzania	51	185	..	..	10	43	..	..	40	142	..	..
Zambia	351	233	..	..	35	69	..	..	316	164	..	..
Zimbabwe	..	267	..	..	5	222	..	..	(5)	66	..	..
Botswana	6	31	0	0	0	17	0	0	6	14	0	0
Lesotho	0	22	0	0	0	10	0	0	0	12	0	0
Swaziland												
Angola												
South Africa												
South Africa	..	..	..	..	..	..	..	..	..	..	..	..

a. Disbursements less repayments of principal may not equal net flow, because of rounding.
Extracted from: The World Bank's World Development Report 1989

Development Indicators for Southern Africa

Table 18. Total external public and private debt and debt service ratios

	Total long-term debt disbursed and outstanding				Total interest payments on long-term debt (millions of dollars)		Total long-term debt service as percentage of:			
	Millions of dollars		As percentage of GNP				GNP		Exports of goods and services	
	1970	1986	1970	1986	1970	1986	1970	1986	1970	1986
Southern African Countries										
Malawi	122	910	43.2	78.6	4	36	2.3	9.4	7.8	40.1
Mozambique	..	..	..	..	..	..	..	..	..	..
Tanzania	265	3,650	20.7	81.6	..	..	..	..	..	..
Zambia	653	3,575	37.5	240.5	..	..	..	..	..	..
Zimbabwe	..	1,758	..	33.2	..	..	..	..	..	..
Botswana	17	355	21.2	36.2	0	27	0.6	4.5	0.9	4.3
Lesotho	8	182	7.8	33.4	0	4	0.3	2.5	2.7	4.2
Swaziland										
Angola										
South Africa										
South Africa	..	..	..	..	..	..	..	..	..	..

Note: Public and private debt includes public, publicly guaranteed, and private nonguaranteed debt; data are shown only when they are available for all categories.

Extracted from: The World Bank's World Development Report 1988

Development Indicators for Southern Africa

Table 19. External public debt and debt service ratios

	External public debt outstanding and disbursed				Interest payments on external public debt (millions of dollars)		Debt service as percentage of:			
	Millions of dollars		As percentage of GNP				GNP		Exports of goods and services	
	1970	1986	1970	1986	1970	1986	1970	1986	1970	[illegible]
Southern African Countries										
Malawi	122	910	43.2	76.6	4	36	2.3	9.4	7.8	[illegible]
Mozambique	..	..	..	..	..	..	..	..	..	..
Tanzania	250	3,650	19.5	81.6	7	26	1.3	1.5	5.3	15.3
Zambia	623	3,575	35.7	240.5	29	55	3.7	8.3	6.4	15.8
Zimbabwe	[illegible]	1,712	15.7	32.4	5	117	0.7	6.4	2.3	[illegible]
Botswana	17	355	21.2	36.2	0	27	0.6	4.5	0.9	4.3
Lesotho	5	182	7.8	32.4	[illegible]	4	0.3	2.5	2.7	[illegible]
Swaziland										
Angola										
South Africa										
South Africa	..	..	..	..	..	..	..	..	..	..
Country Groups										
Low-income economies	..	121,205 t	..	19.2 w	..	7,846 t	..	1.5 w	..	14.1 w
China and India	..	49,106 t	..	9.8 w	..	2,129 t	..	1.0 w	..	[illegible] w
Other low-income	7,373 t	72,100 t	16.6 w	54.4 w	204 t	1,718 t	1.3 w	3.3 w	7.6 w	[illegible] w
Middle-income economies	34,066 t	654,432 t	12.2 w	42.2 w	1,299 t	[illegible] t	1.6 w	5.6 w	9.8 w	20.9 w
Lower middle-income	[illegible] t	247,863 t	15.2 w	51.9 w	491 t	12,921 t	1.7 w	5.6 w	10.7 w	[illegible] w
Upper middle-income	[illegible] t	406,569 t	10.4 w	37.9 w	[illegible] t	[illegible] t	1.5 w	5.6 w	9.2 w	[illegible] w
Developing economies	[illegible] t	775,637 t	13.1 w	[illegible] w	[illegible] t	47485 t	1.5 w	4.4 w	10.1 w	[illegible] w
Oil exporters	10,341 t	211,266 t	12.2 w	47.6 w	[illegible] t	[illegible] t	1.7 w	6.2 w	12.0 w	30.5 w
Exporters of manufactures	17,391 t	260,276 t	..	22.7 w	..	17254 t	..	3.1 w	..	[illegible] w
Highly indebted countries	17,926 t	354,401 t	10.2 w	45.8 w	877 t	[illegible] t	1.6 w	5.0 w	12.4 w	29.5 w
Sub-Saharan Africa	5,336 t	82,360 t	13.1 w	57.4 w	[illegible] t	2404 t	1.1 w	4.3 w	[illegible] w	[illegible] w
High-income oil exporters										
Industrial market economies										

Extracted from: The World Bank's World Development Report 1988

Development Indicators for Southern Africa
Table 20. Terms of external public borrowing

	Commitments (millions of dollars)		Average interest rate (percent)		Average maturity (years)		Average grace period (years)		Public loans with variable interest rates, as a percentage of public debt	
	1970	1986	1970	1986	1970	1986	1970	1986	1970	1986
Southern African Countries										
Malawi	14	118	3.8	3.2	29	27	6	8	0.0	4.9
Mozambique	..	..	..	..	..	..	..	..	..	..
Tanzania	284	196	1.2	1.0	39	48	11	10	1.6	4.1
Zambia	557	188	4.2	4.8	27	31	9	7	0.0	16.0
Zimbabwe	..	200	..	5.5	..	18	..	4	0.0	28.6
Botswana	38	43	0.6	6.8	39	20	10	6	0.0	10.4
Lesotho	0	40	5.5	3.0	28	31	2	7	0.0	0.0
Swaziland										
Angola										
South Africa										
South Africa	..	..	..	..	..	..	..	..	..	..
Country Groups										
Low-income economies	..	19,695 t	..	5.1 w	..	24 w	..	6 w	..	11.3 w
China and India	..	11,958 t	..	5.9 w	..	18 w	..	5 w	..	18.6 w
Other low-income	2,680 t	7,737 t	3.2 w	3.7 w	28 w	32 w	9 w	8 w	0.2 w	6.2 w
Middle-income economies	9,274 t	51,796 t	6.1 w	7.6 w	17 w	14 w	5 w	5 w	3.6 w	52.3 w
Lower middle-income	3,978 t	23,542 t	4.7 w	7.3 w	21 w	16 w	6 w	5 w	1.7 w	35.1 w
Upper middle-income	5,296 t	28,254 t	7.1 w	7.8 w	14 w	12 w	4 w	4 w	4.1 w	64.4 w
Developing economies	12,908 t	71,490 t	5.2 w	6.9 w	20 w	16 w	6 w	5 w	2.3 w	46.8 w
Oil exporters	2,952 t	16,036 t	6.1 w	8.0 w	18 w	14 w	5 w	5 w	4.0 w	54.4 w
Exporters of manufactures	..	26,315 t	..	7.0 w	..	14 w	..	5 w	..	49.3 w
Highly indebted countries	4,781 t	16,382 t	6.6 w	8.0 w	14 w	16 w	3 w	4 w	5.5 w	68.7 w
Sub-Saharan Africa	1,880 t	7,144 t	3.7 w	5.4 w	26 w	25 w	8 w	6 w	1.5 w	24.9 w
High-income oil exporters										
Industrial market economies										

Extracted from: The World Bank's World Development Report 1988

Development Indicators for Southern Africa
Table 21. Official development assistance: receipts

	Net disbursement of ODA from all sources								
	Millions of dollars							Per capita (dollars)	As percentage of GNP
	1980	1981	1982	1983	1984	1985	1986	1986	1986
Southern African Countries									
Malawi	143	137	121	117	158	113	203	27.9	17.5
Mozambique	169	144	208	211	259	300	422	29.7	9.8
Tanzania	679	703	684	594	558	487	681	29.5	15.2
Zambia	318	232	317	217	2[illegible]9	328	464	66.8	31.2
Zimbabwe	164	212	216	208	[illegible]98	237	225	25.8	4.2
Botswana	106	97	101	104	102	96	102	92.3	10.4
Lesotho	94	104	93	108	[illegible]	94	88	55.3	16.1
Swaziland									
Angola	53	61	60	75	95	92	131	14.6	..
South Africa									
South Africa	..	..	..	..	..	..	..	..	..
Country Groups									
Low-income economies	12,042 t	11,590 t	11,652 t	11,366 t	11,57[illegible] t	13,023 t	16,059 t	6.4 w	2.4 w
China and India	2,213 t	2,387 t	2,069 t	2,410 t	2,408 t	2,467 t	3,193 t	1.7 w	0.6 w
Other low-income	9,829 t	9,203 t	9,583 t	6,956 t	9,165 t	10,556 t	12,866 t	19.6 w	9.0 w
Middle-income economies	13,589 t	13,519 t	11,846 t	11,712 t	11,916 t	12,653 t	13,395 t	11.5 w	0.9 w
Lower middle-income	11,589 t	11,265 t	9,[illegible]56 t	9,466 t	9,537 t	9,536 t	10,039 t	14.5 w	2.0 w
Upper middle-income	2,000 t	2,254 t	1,889 t	2,246 t	2,379 t	3,117 t	3,357 t	7.1 w	0.4 w
Developing economies	25,630 t	25,109 t	23,498 t	23,078 t	2[illegible],439 t	25,676 t	29,454 t	8.1 w	1.4 w
Oil exporters	4,985 t	4,718 t	4,177 t	3,958 t	4,130 t	3,907 t	4,437 t	8.[illegible] w	1.0 w
Exporters of manufactures	[illegible],449 t	3,923 t	3,239 t	3,933 t	3,941 t	4,715 t	5,497 t	2.7 w	0.5 w
Highly indebted countries	2,307 t	2,723 t	2,401 t	2,376 t	2,320 t	3,018 t	3,287 t	5.0 w	0.4 w
Sub-Saharan Africa	6,971 t	6,971 t	7,162 t	6,964 t	7,207 t	8,228 t	10,018 t	23.[illegible] w	6.2 w
High-income oil exporters	46 t	50 t	80 t	59 t	46 t	42 t	81 t	4.2 w	0.1 w
Industrial market economies	..	..	..	..	..	..	..	..	..

Extracted from: The World Bank's World Development Report 1988

Development Indicators for Southern Africa
Table 22. Central government expenditure

	Percentage of total expenditure											
	Defense		Education		Health		Housing, amenities; social security and welfare a		Economic services		Other a	
	1972	1986	1972	1986	1972	1986	1972	1986	1972	1986	1972	1986
Southern African Countries												
Malawi b	3.1	6.0 *	15.8	11.0 *	5.5	6.9 *	5.8	1.9 *	33.1	30.5 *	36.8	43.7 *
Mozambique	..	..	..	..	..	..	..	..	..	..	..	..
Tanzania	11.9	13.8 *	17.3	7.2 *	7.2	4.9 *	2.1	1.4 *	39.0	24.0 *	22.6	48.6 *
Zambia b	0.0	..	19.0	16.0 *	7.4	7.2 *	1.3	2.6 *	26.7	16.1 *	45.7	58.1 *
Zimbabwe	..	15.2 *	..	20.9 *	..	6.2 *	..	4.7 *	..	26.0 *	..	27.0 *
Botswana b	0.0	6.4 *	10.1	17.7 *	6.1	5.0 *	21.5	7.3 *	27.9	29.7 *	34.3	34.0 *
Lesotho	0.0 *	9.6 *	22.4 *	15.5 *	7.3 *	6.9 *	6.3 *	1.5 *	21.4 *	25.5 *	42.7 *	41.[illegible] *
Swaziland												
Angola	..	..	..	..	..	..	..	..	..	..	..	..
South Africa												
South Africa	..	..	..	..	..	..	..	..	..	..	..	..
Country Groups												
Low-income economies	..	..	..	..	..	..	..	..	..	..	..	..
China and India	..	..	..	..	..	..	..	..	..	..	..	..
Other low-income	..	17.7 *w	..	9.8 *w	..	3.6 *w	..	6.2 *w	..	23.8 *	..	38.9 *
Middle-income economies	13.8 w	11.7 *w	13.2 w	11.2 *w	4.9 w	4.8 *w	19.1 w	15.2 *w	26.6 w	20.0 *w	22.4 w	37.1 *
Lower middle-income	16.1 w	15.8 *w	22.1 w	14.5 *w	6.6 w	4.0 *w	15.9 w	9.1 *w	24.4 w	21.5 *w	14.9 w	35.1 *
Upper middle-income	13.1 w	10.3 *w	9.6 w	10.2 *w	4.2 w	5.1 *w	21.4 w	17.3 *w	27.7 w	19.6 *w	24.0 w	37.5 *
Developing economies	14.3 w	12.5 *w	12.5 w	10.3 *w	4.7 w	4.5 *w	16.9 w	13.8 *w	25.6 w	20.6 *w	26.0 w	38.3 *
Oil exporters	15.8 w	11.2 *w	15.9 w	13.3 *w	5.4 w	4.3 *w	[illegible] w	[illegible] *w	32.3 w	22.3 *w	18.5 w	36.1 *
Exporters of manufactures	..	13.6 *w	..	5.5 *w	..	4.2 *w	..	16.2 *w	..	20.3 *w	..	40.2 *
Highly indebted countries	10.1 w	5.7 *w	15.8 w	10.3 *w	6.8 w	4.9 *w	29.3 w	18.8 *w	22.5 w	18.0 *w	15.5 w	42.3 *
Sub-Saharan Africa	..	..	..	..	..	..	..	..	..	..	..	..
High-income oil exporters	..	..	..	..	..	..	..	..	..	..	..	..
Industrial market economies	21.7 w	16.4 *w	5.4 w	4.5 *w	11.2 w	12.9 *w	42.3 w	39.0 *w	12.8 w	9.5 *w	12.0 w	12.[illegible] *

a. See the technical notes. b. Refers to budgetary data. * Figures are for years other than those specified.
Extracted from: The World Bank's World Development Report 1988

Development Indicators for Southern Africa
Table 22. Central government expenditure

		Total expenditure (percentage of GNP)		Overall surplus/deficit (percentage of GNP)	
		1972	1986	1972	1986
Southern African Countries					
Malawi b		22.1	31.5 *	-6.2	-8.4 *
Mozambique		..	..	..	..
Tanzania		19.7	23.9 *	-5	..
Zambia b		34.0	38.2 *	-13.8	-16.3 *
Zimbabwe		..	35.2	..	-7
Botswana b		33.6	49.4 *	-23.8	31.8 *
Lesotho		14.5 *	24.2 *	3.5 *	-2.6 *
Swaziland					
Angola		..	..	..	..
South Africa					
South Africa		21.8	26.8 *	-4.2	-4.5 *
Country Groups					
Low-income economies		..	..	..	..
China and India		..	..	..	..
Other low-income	w	..	20.8 *w	..	-5.1 *w
Middle-income economies	w	21.7 w	27.5 *w	-3.3 w	-5.5 *w
Lower middle-income	w	22.1 w	24.9 *w	-5.2 w	-4.5 *w
Upper middle-income	w	21.6 w	28.3 *w	-2.7 w	-6.3 *w
Developing economies	w	18.7 w	25.[illegible] *w	-3.5 w	-6.2 *w
Oil exporters	w	18.4 w	27.0 *w	-3.2 w	-4.7 *w
Exporters of manufactures	w	..	24.7 *w	..	-7.0 *w
Highly indebted countries	w	17.5 w	23.7 *w	-2.7 w	-7.6 *w
Sub-Saharan Africa		..	..	..	..
High-income oil exporters		..	..	..	..
Industrial market economies	w	22.2 w	26.6 *w	-1.8 w	-5.1 *w

Development Indicators for Southern Africa
Table 23. Central government current revenue

	Percentage of total current revenue — Tax revenue: Taxes on income, profit, and capital gain 1972	1986	Social security contributions 1972	1986	Domestic taxes on goods and services 1972	1986	Taxes on international trade and transactions 1972	1986	Other taxes a 1972	1986
Southern African Countries										
Malawi b	31.5	34.6 *	0.0	0.0 *	24.3	28.5 *	29.0	21.5 *	0.4	0.5 *
Mozambique	..	..	..	..	..	..	..	..	..	..
Tanzania	29.9	..	0.0	..	29.1	..	21.7	..	0.5	..
Zambia b	49.7	29.4 *	0.0	0.0 *	20.2	40.2 *	14.3	22.6 *	0.1	1.3 *
Zimbabwe	..	42.8 *	..	0.0 *	..	30.6 *	..	15.6 *	..	1.1 *
Botswana b	19.9	29.8 *	0.0	0.0 *	2.2	0.9 *	47.2	13.9 *	0.7	0.1 *
Lesotho	10.3 *	11.1 *	0.0 *	0.0 *	2.5 *	10.3 *	74.0 *	57.8 *	5.4 *	0.2 *
Swaziland										
Angola	..	..	..	..	..	..	..	..	..	..
South Africa										
South Africa	54.8	52.2 *	1.2	1.2 *	21.5	32.5 *	4.6	2.5 *	5.0	3.1 *
Country Groups										
Low-income economies	..	..	..	..	..	..	..	..	..	..
China and India	..	..	..	..	..	..	..	..	..	..
Other low-income	..	16.8 * w	..	..	..	32.2 * w	..	28.1 * w	..	..
Middle-income economies	21.3 w	25.7 * w	..	..	23.8 w	25.5 * w	14.1 w	6.3 * w	..	..
Lower middle-income	19.7 w	31.7 * w	..	..	22.9 w	24.3 * w	21.1 w	13.7 * w	..	..
Upper middle-income	22.5 w	23.8 * w	..	..	21.1 w	25.8 * w	11.6 w	6.6 * w	..	..
Developing economies	21.1 w	24.6 * w	..	..	25.7 w	26.9 * w	16.1 w	10.5 * w	..	..
Oil exporters	28.0 w	32.5 * w	..	..	19.2 w	23.6 * w	14.5 w	6.4 * w	..	..
Exporters of manufactures	..	18.0 * w	..	..	..	25.1 * w	..	8.9 * w	..	..
Highly indebted countries	18.3 w	22.0 * w	..	..	28.1 w	32.1 * w	12.9 w	8.3 * w	..	..
Sub-Saharan Africa	..	..	..	..	..	..	..	..	..	..
High-income oil exporters	..	..	..	..	..	..	..	..	..	..
Industrial market economies	41.1 w	40.0 * w	..	..	21.2 w	17.3 * w	2.0 w	1.2 * w	..	..

a. See the technical notes. b. Refers to budgetary data. * Figures for years other than those specified.
Extracted from: The World Bank's World Development Report 1988

Development Indicators for Southern Africa
Table 23. Central government current revenue

	Nontax revenue		Total current revenue (percentage of GNP)	
	1972	1986	1972	1986
Southern African Countries				
Malawi b	23.9	14.9 *	16.0	22.3 *
Mozambique	..	..	..	..
Tanzania	18.8	..	15.8	..
Zambia b	15.6	7.5 *	23.2	23.9 *
Zimbabwe	..	10.0 *	..	26.8 *
Botswana b	29.9	55.2 *	30.7	82.6 *
Lesotho	7.8 *	10.5 *	15.4 *	21.9 *
Swaziland				
Angola	..	..	..	..
South Africa				
South Africa	12.8	8.5 *	21.2	23.3 *
Country Groups				
Low-income economies	..	..	..	..
China and India	..	..	..	..
Other low-income	..	19.8 * w	..	15.4 * w
Middle-income economies	22.5 w	26.3 * w	19.1 w	24.0 * w
Lower middle-income	15.3 w	..	16.7 w	21.4 * w
Upper middle-income	24.8 w	28.3 * w	20.3 *	25.0 * w
Developing economies	21.4 w	25.5 * w	16.2 w	22.7 * w
Oil exporters	30.6 w	29.0 * w	15.9 w	22.6 * w
Exporters of manufactures	..	31.6 * w	..	23.0 * w
Highly indebted countries	12.4 w	22.9 * w	16.4 w	21.3 * w
Sub-Saharan Africa	..	..	..	..
High-income oil exporters	..	..	..	..
Industrial market economies	6.2 w	9.0 * w	21.6 w	24.1 * w

Development Indicators for Southern Africa
Table 24. Money and interest rates

	Monetary holdings, broadly defined: Average annual nominal growth rate (percent)		Monetary holdings, broadly defined: Average outstanding (percentage of GDP)			Average annual inflation (GDP deflator)	Nominal interest rates of banks (average annual percentage): Deposit rate		Nominal interest rates of banks (average annual percentage): Lending rate	
	1965-80	1980-86	1965	1980	1986	1980-86	1980	1986	1980	1986
Southern African Countries										
Malawi	15.4	15.9	17.7	20.3	22.0	12.4	7.92	10.75	16.67	19.00
Mozambique	..	..	..	..	..	28.1	..	..	..	..
Tanzania	20.1 #	..	..	37.2	..	21.5	6.25	8.50	11.50	18.50
Zambia	12.7	24.4	..	32.6	28.3	23.3	7.00	..	9.50	27.40
Zimbabwe	..	12.4	..	54.6	45.3	13.0	3.52	10.28	17.54	13.00
Botswana	..	19.7	..	31.1	27.1	7.6	5.00	8.67	8.48	11.00
Lesotho	..	20.2	..	..	48.4	13.1	9.60 #	11.04	11.00	13.42
Swaziland										
Angola	..	..	..	..	..	..	..	..	..	..
South Africa										
South Africa	14.0	14.9	56.6	49.5	52.5	13.6	5.54	10.98	9.50	14.33

Figures are for years other than those specified.
Extracted from: The World Bank's World Development Report 1986

Development Indicators for Southern Africa
Table 25. Population growth and projections

	Average annual growth of population (percent)			Population (millions)			Hypothetical size of stationary population (millions)	Assumed year of reaching net reproduction rate of 1	Population momentum 1985
	1965-80	1980-86	1986-2000	1986	1990 a	2000 a			
Southern African Countries									
Malawi	2.9	3.2	3.3	7	8	12	42	2040	1.9
Mozambique	2.5	2.7	3.0	14	16	22	74	2040	1.9
Tanzania	3.3	3.5	3.4	23	27	37	123	2035	2.0
Zambia	3.1	3.5	3.4	7	8	11	37	2035	2.0
Zimbabwe	3.1	3.7	3.0	9	10	13	33	2025	2.0
Botswana	3.5	3.5	3.3	1	1	2	5	2025	2.0
Lesotho	2.3	2.7	2.7	2	2	2	6	2030	1.8
Swaziland									
Angola	2.8	2.6	2.8	9	10	13	43	2040	1.9
South Africa									
South Africa	2.4	2.2	2.3	32	36	45	90	2020	1.8
Country Groups									
Low-income economies	2.3 w	1.9 w	1.9 w	2,493 t	2,700 t	3,246 t			
China and India	2.2 w	1.6 w	1.6 w	1,835 t	1,963 t	2,281 t			
Other low-income	2.7 w	2.8 w	2.8 w	658 t	736 t	966 t			
Middle-income economies	2.4 w	2.3 w	2.1 w	1,268 t	1,380 t	1,689 t			
Lower middle-income	2.5 w	2.6 w	[illegible] w	691 t	752 t	941 t			
Upper middle-income	2.2 w	1.9 w	1.8 w	577 t	622 t	739 t			
Developing economies	2.3 w	[illegible] w	2.0 w	[illegible] t	[illegible] t	[illegible] t			
Oil exporters	2.7 w	2.7 w	2.5 w	538 t	595 t	754 t			
Exporters of manufactures	2.2 w	1.6 w	1.5 w	[illegible] t	[illegible] t	[illegible] t			
Highly indebted countries	2.5 w	2.4 w	2.2 w	570 t	625 t	[illegible] t			
Sub-Saharan Africa	2.7 w	3.1 w	3.2 w	424 t	482 t	[illegible] t			
High-income oil exporters	5.3 w	4.2 w	3.6 w	19 t	22 t	31 t			
Industrial market economies	0.8 w	0.6 w	0.4 w	742 t	756 t	782 t			
Nonreporting nonmembers	1.0 w	1.0 w	0.8 w	367 t	381 t	414 t			

a. For the assumptions used in the projections, see the technical notes.
Extracted from: The World Bank's World Development Report 1988

Development Indicators for Southren Africa
Table 26. Demography and fertility

	Crude birth rate per thousand population		Crude death rate per thousand population		Percentage of women of childbearing age		Total fertility rate			Percentage of married women of childbearing age using contraception a	
	1965	1986	1965	1986	1965	1985	1965	1986	2000	1970	1985
Southern African Countries											
Malawi	56	53	26	21	45	41	7.8	7.6	6.8	..	..
Mozambique	49	45	27	17	48	44	6.8	6.3	6.1	..	..
Tanzania	49	50	22	15	46	44	6.6	7.0	6.2	..	..
Zambia	49	49	20	14	45	44	6.6	6.8	5.9	..	..
Zimbabwe	55	45	17	11	44	41	8.0	6.0	4.4	..	40
Botswana	53	45	19	11	45	44	6.9	6.6	4.9	..	28 *
Lesotho	42	41	18	12	46	45	5.8	5.8	5.1	..	..
Swaziland											
Angola	49	48	29	21	46	46	6.4	6.4	6.2	..	..
South Africa											
South Africa	40	34	16	10	46	47	6.1	4.5	3.5	..	..
Country Groups											
Low-income economies	42 w	30 w	16 w	10 w	45 w	50 w	6.4 w	3.9 w	3.5 w		
China and India	41 w	25 w	14 w	9 w	45 w	51 w	6.3 w	3.2 w	2.9 w		
Other low-income	46 w	43 w	21 w	15 w	45 w	46 w	6.6 w	6.0 w	5.1 w		
Middle-income economies	39 w	31 w	14 w	9 w	46 w	48 w	5.6 w	4.1 w	3.4 w		
Lower middle-income	44 w	35 w	17 w	10 w	46 w	48 w	6.3 w	4.7 w	3.9 w		
Upper middle-income	34 w	27 w	11 w	6 w	46 w	49 w	4.9 w	3.5 w	3.0 w		
Developing economies	41 w	30 w	15 w	10 w	45 w	49 w	6.1 w	4.0 w	3.5 w		
Oil exporters	46 w	37 w	18 w	10 w	46 w	47 w	6.4 w	4.9 w	4.0 w		
Exporters of manufactures	39 w	24 w	13 w	9 w	45 w	51 w	6.0 w	3.1 w	2.8 w		
Highly indebted countries	41 w	33 w	14 w	9 w	45 w	48 w	5.9 w	4.3 w	3.6 w		
Sub-Saharan Africa	48 w	48 w	22 w	16 w	45 w	44 w	6.6 w	6.7 w	6.0 w		
High-income oil exporters	48 w	41 w	18 w	8 w	46 w	44 w	7.3 w	6.8 w	5.6 w		
Industrial market economies	19 w	13 w	10 w	9 w	47 w	50 w	2.7 w	1.7 w	1.8		
Nonreporting nonmembers	20 w	20 w	8 w	10 w	47 w	48 w	2.7 w	2.5 w	2.3 w		

a. Figures include women whose husbands practice contraception; see the technical notes.
* Figures for years other than those specified.
Extracted from: The World Bank's World Development Report 1988

Development Indicators for Southern Africa
Table 27. Health and nutrition

	Population per: Physician 1965	Population per: Physician 1981	Population per: Nursing person 1965	Population per: Nursing person 1981	Daily calorie supply per capita 1965	Daily calorie supply per capita 1986	Babies with low birth weights (percent) 1984
Southern African Countries							
Malawi	46,890	52,830	..	2,980	2,132	2,415	20
Mozambique	18,000	36,970	5,370	5,610	1,982	1,617	16
Tanzania	21,700	..	2,100	..	1,970	2,316	12
Zambia	11,380	7,800	5,820	1,660	2,073	2,126	2
Zimbabwe	8,010	7,100	990	1,000	2,089	2,144	15
Botswana	27,460	7,400	17,720	700	2,015	2,159	12
Lesotho	20,060	..	4,700	..	2,065	2,290	11
Swaziland							
Angola	13,150	..	3,820	..	1,912	1,926	19
South Africa							
South Africa	2,050	..	490	..	2,643	2,926	12
Country Groups							
Low-income economies	8,570 w	6,050 w	4,920 w	3,890 w	2,046 w	2,329 w	
China and India	4,230 w	2,550 w	4,450 w	2,920 w	2,061 w	2,411 w	
Other low-income	26,620 w	17,670 w	7,250 w	7,130 w	1,998 w	2,100 w	
Middle-income economies	9,830 w	4,940 w	3,290 w	1,400 w	2,358 w	2,719 w	
Lower middle-income	17,340 w	7,850 w	4,780 w	1,760 w	2,117 w	2,511 w	
Upper middle-income	2,310 w	1,380 w	1,690 w	900 w	2,621 w	2,967 w	
Developing economies	6,590 w	5,690 w	4,360 w	2,230 w	2,149 w	2,460 w	
Oil exporters	18,400 w	7,020 w	5,850 w	.. w	2,115 w	2,664 w	
Exporters of manufactures	3,870 w	2,340 w	[illegible] w	[illegible] w	2,155 w	2,483 w	
Highly indebted countries	7,930 w	4,580 w	2,070 w	.. w	2,425 w	2,607 w	
Sub-Saharan Africa	33,830 w	25,310 w	4,820 w	2,800 w	2,098 w	[illegible] w	
High-income oil exporters	7,500 w	1,380 w	4,440 w	580 w	1,969 w	3,213 w	
Industrial market economies	870 w	550 w	420 w	180 w	3,137 w	3,357 w	
Nonreporting nonmembers	770 w	300 w	370 w	..	3,155 w	3,304 w	

Extracted from: The World Bank's World Development Report 1988

Development Indicators for Southern Africa
Table 28. Education

	Percentage of age group enrolled in education															
	Primary						Secondary						Tertiary	
	Total		Male		Female		Total		Male		Female		Total	
	1965	1985	1965	1985	1965	1985	1965	1985	1965	1985	1965	1985	1965	1985
Southern African Countries														
Malawi	44	62 *	55	71 *	32	53 *	2	4 *	3	6 *	1	2 *	0	1 *
Mozambique	37	84	48	94	26	74	3	7	3	9	2	4	0	0
Tanzania	32	72	40	90 *	25	85 *	2	3	3	4 *	1	2 *	0	0
Zambia	53	103 *	59	106 *	46	96 *	7	19 *	11	24 *	3	14 *	..	2
Zimbabwe	110	131	128	135	92	128	6	43	8	51	5	35	0	3 *
Botswana	65	104	59	98	71	109	3	29	5	27	3	31	..	1
Lesotho	94	115	74	102	114	127	4	22 *	4	18 *	4	26 *	0	2 *
Swaziland														
Angola	39	93 *	53	..	26	..	5	13 *	6	..	4	..	0	1 *
South Africa														
South Africa	90	..	91	..	88	..	15	..	16	..	14	..	4	..
Country Groups														
Low-income economies	74 w	99 w	..	110 w	..	88 w	22 w	34 w	..	41 w	..	26 w	2 w	..
China and India	83 w	110 w	..	121 w	..	98 w	25 w	37 w	..	45 w	..	29 w	2 w	..
Other low-income	44 w	67 w	58 w	75 w	31 w	56 w	5 w	22 w	13 w	28 w	4 w	16 w	1 w	5 w
Middle-income economies	85 w	104 w	92 w	109 w	79 w	101 w	22 w	49 w	26 w	57 w	19 w	51 w	5 w	14 w
Lower middle-income	75 w	104 w	84 w	111 w	66 w	100 w	16 w	42 w	21 w	50 w	12 w	41 w	4 w	13 w
Upper middle-income	97 w	105 w	100 w	108 w	93 w	102 w	29 w	57 w	31 w	65 w	26 w	63 w	7 w	16 w
Developing economies	78 w	101 w	84 w	110 w	62 w	92 w	22 w	39 w	28 w	45 w	14 w	33 w	3 w	8 w
Oil exporters	69 w	[illegible]	76 w	113 w	59 w	101 w	14 w	44 w	20 w	53 w	9 w	42 w	2 w	10 w
Exporters of manufactures	86 w	109 w	..	119 w	..	98 w	27 w	40 w	..	48 w	..	33 w	[illegible]	..
Highly indebted countries	88 w	104 w	91 w	108 w	84 w	99 w	21 w	47 w	23 w	57 w	20 w	57 w	5 w	16 w
Sub-Saharan Africa	41 w	75 w	52 w	85 w	31 w	67 w	4 w	23 w	6 w	26 w	2 w	14 w	0 w	2 w
High-income oil exporters	43 w	86 w	60 w	82 w	25 w	69 w	10 w	56 w	15 w	55 w	5 w	41 w	1 w	11 w
Industrial market economies	107 w	102 w	107 w	101 w	106 w	101 w	63 w	93 w	65 w	91 w	61 w	92 w	21 w	39 w
Nonreporting nonmembers	102 w	105 w	103 w	..	102 w	..	66 w	92 w	60 w	..	72 w	..	..	21 w

*Figures for years other than those specified.
Extracted from: The World Bank's World Development Report 1988

Development Indicators for Southern Africa
Table 29. Labor force

	Percentage of population of working age (15-64 years)		Percentage of labor force in						Average annual growth of labor force (percent)		
			Agriculture		Industry		Services				
	1965	1985	1965	1980	1965	1980	1965	1980	1965-80	1980-85	1985-2000
Southern African Countries											
Malawi	51	47	92	83	3	7	5	9	2.2	2.6	2.6
Mozambique	55	51	87	85	6	7	7	8	3.2	..	..
Tanzania	53	50	92	86	3	5	[illegible]	10	2.8	2.8	3.0
Zambia	51	48	79	73	8	10	13	17	2.7	3.2	3.5
Zimbabwe	51	45	79	73	8	11	13	17	[illegible]	2.7	3.0
Botswana	50	48	89	70	4	13	8	17	2.4	3.5	3.4
Lesotho	56	52	92	86	[illegible]	4	6	10	1.8	2.0	2.1
Swaziland											
Angola	54	52	79	74	8	10	13	17	2.2	1.7	2.1
South Africa											
South Africa	54	55	32	17	30	35	39	49	1.8	2.8	2.8
Country Groups											
Low-income economies	54 w	59 w	77 w	72 w	9 w	13 w	14 w	15 w	2.1 w	2.3 w	1.9 w
China and India	55 w	61 w	77 w	72 w	9 w	14 w	14 w	14 w	2.1 w	2.3 w	1.6 w
Other low-income	52 w	52 w	79 w	71 w	8 w	10 w	13 w	19 w	2.2 w	2.5 w	2.6 w
Middle-income economies	54 w	57 w	56 w	43 w	17 w	23 w	27 w	34 w	2.5 w	2.5 w	2.4 w
Lower middle-income	52 w	55 w	65 w	55 w	12 w	16 w	[illegible] w	29 w	2.4 w	2.6 w	2.5 w
Upper middle-income	56 w	59 w	45 w	29 w	23 w	31 w	32 w	40 w	[illegible] w	2.3 w	2.3 w
Developing economies	54 w	58 w	70 w	62 w	12 w	16 w	18 w	22 w	2.3 w	2.4 w	2.1 w
Oil exporters	52 w	53 w	61 w	49 w	15 w	19 w	24 w	31 w	2.8 w	2.6 w	2.8 w
Exporters of manufactures	55 w	61 w	71 w	66 w	11 w	16 w	16 w	17 w	[illegible] w	2.2 w	1.6 w
Highly indebted countries	53 w	56 w	51 w	40 w	18 w	23 w	31 w	37 w	2.9 w	2.5 w	2.5 w
Sub-Saharan Africa	52 w	50 w	79 w	75 w	8 w	9 w	13 w	16 w	2.5 w	2.4 w	2.7 w
High-income oil exporters	53 w	54 w	58 w	35 w	15 w	21 w	28 w	44 w	5.6 w	4.4 w	3.4 w
Industrial market economies	63 w	67 w	14 w	7 w	38 w	35 w	46 w	58 w	1.3 w	1.0 w	0.5 w
Nonreporting nonmembers	61 w	65 w	34 w	22 w	34 w	39 w	32 w	39 w	1.3 w	1.1 w	0.8 w

Extracted from: The World Bank's World Development Report 1988

Development Indicators for Southern Africa
Table 30. Urbanization

	Urban population				Percentage of urban population				Number of cities of over 500,000 persons	
	As percentage of total population		Average annual growth rate (percent)		In largest city		In cities of over 500,000 persons			
	1965	1985	1965-80	1980-85	1960	1980	1960	1980	1960	1980
Southern African Countries										
Malawi	5	..	7.8	..	..	19	0	0	0	0
Mozambique	5	19	11.8	5.3	75	83	0	83	0	1
Tanzania	6	14	8.7	8.3	34	50	0	50	0	1
Zambia	24	48	7.1	5.5	..	35	0	35	0	1
Zimbabwe	14	27	7.5	5.0	40	50	0	50	0	1
Botswana	4	20	15.4	4.5	..	..	..	..	..	..
Lesotho	2	17	14.6	5.3	..	..	0	0	0	0
Swaziland										
Angola	13	25	6.4	5.8	44	64	0	64	0	1
South Africa										
South Africa	47	56	2.6	3.3	16	13	44	53	4	7
Country Groups										
Low-income economies	17 w	22 w	3.6 w	4.0 w	10 w	16 w	31 w	55 w	54 t	148 t
China and India	18 w	23 w	3.0 w	3.6 w	7 w	6 w	33 w	59 w	49 t	114 t
Other low-income	13 w	20 w	4.9 w	5.4 w	26 w	30 w	19 w	40 w	5 t	34 t
Middle-income economies	37 w	48 w	4.4 w	3.5 w	28 w	27 w	37 w	49 w	59 t	131 t
Lower middle-income	27 w	36 w	4.5 w	3.7 w	29 w	31 w	31 w	46 w	22 t	55 t
Upper middle-income	49 w	65 w	3.8 w	3.2 w	27 w	26 w	39 w	50 w	37 t	76 t
Developing economies	24 w	31 w	3.9 w	3.8 w	19 w	21 w	34 w	46 w	113 t	279 t
Oil exporters	29 w	41 w	4.3 w	3.5 w	24 w	24 w	34 w	48 w	17 t	47 t
Exporters of manufactures	23 w	29 w	3.2 w	3.5 w	12 w	12 w	37 w	46 w	70 t	154 t
Highly indebted countries	44 w	57 w	3.5 w	3.5 w	23 w	23 w	35 w	50 w	29 t	67 t
Sub-Saharan Africa	13 w	25 w	6.2 w	5.7 w	22 w	32 w	8 w	42 w	2 t	14 t
High-income oil exporters	40 w	73 w	9.5 w	6.0 w	29 w	28 w	0 w	34 w	0 t	3 t
Industrial market economies	70 w	75 w	1.4 w	1.5 w	18 w	18 w	48 w	55 w	104 t	152 t
Nonreporting nonmembers	52 w	65 w	2.4 w	1.8 w	9 w	8 w	23 w	32 w	31 t	59 t

Extracted from: The World Bank's World Development Report 1988

Development Indicators for Southern Africa
Table 31. Women in Development

	Population ratios								Health and welfare			
	Females per 100 males				Life expectancy at birth (years)				Births attended by health staff (percent)	Maternal mortality (per 100,000 live births)	Infant mortality (per 1,000 live births)	
	Total		Age 0-4		Female		Male					
	1965	1985	1965	1985	1965	1986	1965	1986	1984	1980	1965	1986
Southern African Countries												
Malawi	104	103	100	100	40	47	39	44	59	250	200	153
Mozambique	104	105	100	99	39	49	36	46	28	479 b	165	120
Tanzania	103	103	100	99	45	55	41	51	74	370 b	138	108
Zambia	101	103	100	99	46	54	43	51	..	140	121	82
Zimbabwe	102	100	99	99	50	60	46	56	69	145 b	103	74
Botswana	111	111	100	99	49	62	46	56	..	250	112	69
Lesotho	102	102	99	99	50	57	47	53	28	..	142	102
Swaziland												
Angola	104	103	101	99	37	45	34	43	15	..	192	139
South Africa												
South Africa	103	99	99	98	54	63	49	59	..	550 c	124	74
Country Groups												
Low-income economies	96 w	95 w	97 w	95 w	50 w	61 w	47 w	60 w	..	329 w	122 w	69
China and India	95 w	94 w	97 w	95 w	51 w	64 w	48 w	63 w	..	237 w	115 w	56
Other low-income	99 w	99 w	98 w	97 w	44 w	54 w	43 w	52 w	52 w	607 w	150 w	106
Middle-income economies	101 w	100 w	97 w	97 w	56 w	65 w	53 w	61 w	53 w	381 w	109 w	65
Lower middle-income	101 w	100 w	97 w	97 w	50 w	51 w	47 w	57 w	38 w	586 w	133 w	77
Upper middle income	101 w	100 w	96 w	96 w	62 w	70 w	58 w	64 w	76 w	121 w	83 w	50
Developing economies	97 w	97 w	97 w	96 w	52 w	63 w	49 w	60 w	44 w	346 w	118 w	67
Oil exporters	101 w	100 w	93 w	97 w	49 w	61 w	47 w	57 w	35 w	704 w	139 w	83
Exporters of manufactures	96 w	95 w	97 w	95 w	53 w	65 w	50 w	64 w	.. w	217 w	109 w	54
Highly indebted countries	100 w	100 w	97 w	97 w	57 w	65 w	53 w	60 w	68 w	384 w	107 w	64
Sub-Saharan Africa	103 w	102 w	100 w	99 w	44 w	52 w	41 w	49 w	46 w	973 w	161 w	113
High-income oil exporters	92 w	80 w	96 w	97 w	51 w	66 w	48 w	62 w	86 w	47 w	136 w	62
Industrial market economies	104 w	104 w	96 w	96 w	74 w	79 w	68 w	73 w	99 w	11 w	24 w	9
Nonreporting nonmembers	116 w	110 w	95 w	98 w	72 w	73 w	65 w	65 w	98 w	..	33 w	30

a. See technical notes. b. Data refer to maternal mortality in hospitals and other medical institutions only.
c. Community data from rural areas only. d. New estimates.
Extracted from: The World Bank's World Development Report 1988

Development Indicators for Southern Africa

Table 31. Women in Development

	Education			
	Females per 100 males			
	Primary		Secondary a	
	1965	1985	1970	1985
Southern African Countries				
Malawi	..	77	39	48
Mozambique	..	78	..	49
Tanzania	60	99	38	58
Zambia	78	89	49	53
Zimbabwe	..	94	63	68
Botswana	129	110	..	115
Lesotho	157	125	111	150
Swaziland				
Angola	..	..	..	..
South Africa				
South Africa	..	..	..	..
Country Groups				
Low-income economies w	53 w	74 w	39 w	60 w
China and India w	.. w	75 w	..	61 w
Other low-income w	47 w	68 w	37 w	53 w
Middle-income economies w	77 w	88 w	82 w	92 w
Lower middle-income w	73 w	86 w	59 w	79 w
Upper middle income w	82 w	90 w	111 w	109 w
Developing economies w	62 w	78 w	59 w	67 w
Oil exporters w	62 w	86 w	55 w	77 w
Exporters of manufactures w	62 w	76 w	63 w	67 w
Highly indebted countries w	81 w	89 w	87 w	92 w
Sub-Saharan Africa w	57 w	76 w	40 w	55 w
High-income oil exporters w	34 w	81 w	22 w	74 w
Industrial market economies w	95 w	95 w	95 w	98 w
Nonreporting nonmembers w	..	..	..	..

MALAWI:

ECONOMIC POLICY PROFILE

1. LIBERALIZATION STRATEGY OVERVIEW(1)

Malawi is a predominately agricultural economy which is small, landlocked, and poor even by sub-Saharan Africa standards with a 1987 per capita income of US$174. Over 35% of GDP derives from agriculture, which is the source of most of the country's export earnings also. Export crops, which include tobacco, tea, and sugar, comprise 20% of GDP and are subject to drastic price fluctuations in world markets. Lack of direct access to the sea has meant continuing vulnerability to costly regional disruptions in transport routes through neighboring countries. A rapid population growth rate of up to 3.7% means that the population of nearly 7.5 million in 1987 is stressing the land base and placing pressure on production's ability to keep pace with per capita demand.

The country maintained relatively stable financial conditions until the 1970s, achieving a real per capita income growth rate of 3% per annum until 1978 through adoption of liberal economic policies. After 1978 a combination of external shocks and domestic factors slackened the growth rate, adversely affected the balance of payments position, and introduced inflationary pressures. The result was a need for comprehensive debt rescheduling in 1982 and 1983, associated with adjustment programs and assistance from the World Bank and the IMF. The adjustment package included price liberalization which realigned key relative prices and incentives. The parastatal sector has been under realignment while domestic demand

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(1) The discussion in this paper is based upon analyses and documents of the Government of Malawi,the World Bank, the International Monetary Fund and U.S. A.I.D., as well as discussions with officials in Malawi. It is intended to provide an overview of issues and progress concerning economic management of Malawi's economy and to assist U.S. A.I.D. in considering a five year development strategy for Southern Africa.

pressures were cut and domestic external financial imbalances were reduced. The result was some recovery of economic growth to a real GDP growth rate of close to 4% per annum during 1983-85. Post-1984 there was a significant weakening of the economy; 1985-86 witnessed a rapid deterioration of the country's external financial situation due predominately to a sharp downturn in the terms of trade. Administrative controls were introduced on foreign exchange payments for private sector imports. Inflation rose and rates of real growth declined. Severe refugee problems have stressed the nation's meager resources and fiscal imbalances have delayed planned reforms and realignment of the economy. The Government of Malawi has developed a comprehensive adjustment program as part of its macroeconomic and sector policy reforms contained in the Government's medium term development strategy. While the 1986-87 stabilization period was difficult, showing real GDP growing at only 2.8% in 1986 and falling by 0.2% in 1987, the country's efforts rewarded estimates of real GDP growth for 1988 range between 3 to 4%.

The Government's Statement of Development Policies, 1987-1996, as well as a Policy Framework Paper done jointly with the IMF and the World Bank, are the pertinent documents describing the basic strategy. Government's approach is designed to stabilize the economy and establish the foundation for resumed economic growth despite the difficult external environment. The basic macroeconomic objectives of the strategy include: a) raising the rate of real GDP growth from 1.6% in 1988 (target already exceeded) to 4% in 1989, 4.3% in 1990, and 4.9% by 1992; and b) restoring fiscal discipline consistent with balance of payments targets and reducing the annual rate of inflation from 26% in 1987 to about 5% by 1991. To accomplish this the Government will approach structural reform and financial stabilization by reducing the fiscal deficit, using strict monetary and credit policies, and exchange rate adjustment. These policies are expected to bring aggregate demand into line with available resources. Related supply side measures will increase the flow of foreign exchange to the private sector, liberalize trade, redirect credit away from the public sector, and bring about tax reform. All of these actions should stimulate the private sector.

A sectoral strategy is also part of the medium-term development program. It provides for new investments and policy reforms in the key productive sectors to increase output. This sectoral growth strategy is grounded in increased private sector activity, improved efficiency in public sector resource management, and a greater role for market forces in resource allocation. In agriculture - Malawi's major source of growth and export earnings - there will be emphasis on more intensive and productive use of resources and greater crop diversification to help offset growing land pressures and the country's vulnerability to world price fluctuations for its narrow export base. Continuing reform and efforts at privatization of ADMARC, as well as expanding the scope of the private sector in crop marketing, will contribute to agricultural reform. For the transport sector regional problems have disrupted Malawi's traditional external routes and resulted in increased transport costs and reduced reliability in the flow of exports and imports. Development of the Northern Corridor, with the assistance of donors, should improve the transport situation.

In industry Government has set out to revive production and investment by better use of incentives for domestic and foreign investment. It will stimulate efficiency through competition introduced into the economy by eliminating quantitative restrictions and allowing in imports, and increasing the flow of credit to small-scale industry. In education Government will emphasize the expansion and improvement of primary education, enhancing scientific and technical skills and improving teacher training. Population growth and health services will be addressed by better staffing of primary health education care facilities and increased allocation of resources for maternal and child care services. Nutrition will be addressed through a food security monitoring and reporting system which will be in place by the end of 1988. Smallholder farms, on which the bulk of rural households live below subsistence levels, will benefit by increased emphasis on research and extension programs.

In general, the Government's medium-term development strategy is comprehensive, integrated, and responsive to the need for liberalization of the economy. It assigns a larger role to the private sector, market pricing mechanisms and incentives. The program reinforces macroeconomic stabilization strategies initiated under an IMF stand-by arrangement. Its foundation is trade liberalization, associated exchange rate adjustment, fiscal deficit reduction, reform of foreign exchange allocation, and tax reform.

2. KEY POLICY ELEMENTS

2.A. Exchange Rate Management

An essential part of Malawi's Medium Term Development Strategy relates to active exchange rate management. The country pursued a flexible management of its exchange rate during the 1980s and, except for a slight appreciation in 1984 and 1985, kept the real effective exchange rate near the 1979 average level. However, adverse shifts in terms of trade, high debt servicing costs, and unbudgeted food and security-related expenditures brought about a high level of excess demand for foreign exchange starting in mid-1986. The Kwacha was devalued by 20% in February, 1987, but the effect of the depreciation was mostly offset by inflationary developments. Stringent foreign exchange rationing was therefore left in place during all of 1987. In order to restrain import demand further and stimulate export production, Government further devalued the Kwacha by 15% in January, 1988.

Government has made a commitment to pursue a flexible exchange rate policy, the aim being to maintain external competitiveness, encourage exports, and achieve balance of payments objectives. To do this Government has agreed to maintain the exchange rate such that it remains consistent with trade liberalization, tariff rationalization, and external resource availability. The World Bank will monitor the real effective exchange rate to ensure that it is consistent with the trade reform program it is supporting through its Industrial and Trade Policy Adjustment Credit. The IMF will have primary responsibility for negotiating exchange rate adjustments under the stand-by arrangement and an Enhanced Structural Adjustment Facility.2.B. Import Administration

Liberalization of the trade regime is the centerpiece of Malawi's industry and trade adjustment program. The industrial sector historically developed efficiently because it grew in a relatively free-trade environment with price signals which encouraged efficient resource allocation and adequate resource mobilization. The period since 1980, but especially since 1986, has witnessed a contrary set of policy responses as Malawi reacted to exogenous shocks by closing the economy and cutting away from market clearing price signals. The role of imports in Malawi's economy is crucial since the country cannot support efficient production of all industrial goods. Imports thus complement domestic production, allow specialization, and introduce an element of competition into local monopolies. Thus the closing of the economy has encouraged excessive product diversification, inefficient import substitution, and monopolistic pricing. To move away from these distortions Malawi intends to abandon discretionary foreign exchange allocation and to lower import tariffs.

Government intends to phase out administered foreign exchange allocation and move back to a market-determined system which would allow importers to obtain foreign exchange on request. Given the existing external imbalances and low level of foreign exchange reserves, Malawi has spread the liberalization of its foreign exchange allocation system over a three year period. In the first stage, introduced in February, 1988, a range of import items comprising aproximately 25% of the total import bill was freed of prior foreign exchange allocation approval, including such key items as fertilizer, petroleum and 25% of raw materials and spare parts. In the second stage, some 30% of the import bill will be similarly liberalized, so that it will include 75% of raw materials and spare parts. In the third stage the remaining raw materials and spare parts will be liberalized, followed by most intermediate and capital goods. By this stage approximately 75% of the total import bill will have been freed of administrative rationing. Government further plans eventually to liberalize remaining imports, mostly consumer goods, as medium-term economic performance allows.. In consultation with the IMF and the World Bank, Government will review resource availability and adjust liberalization of imports and resources so that they support each other.

Along with elimination of prior Reserve Bank exchange approval for imports, Government intends to liberalize import licensing. This will be done by expanding the Open General License (OGL) System. Currently about 85% of the total import bill is subject to OGL, with 34 specific categories of goods and all goods from certain countries subject to import licenses from the Ministry of Trade, Industry and Tourism. Government is eliminating this import licensing requirement from 8 categories of goods and 22 countries of origin. The few remaining licensing requirements pertain primarily to issues of public health, safety, or security.

2.C. Export Policies

Additional generation of foreign exchange through exports is essential to the longer-term viability of Malawi's liberalization strategy. While initial donor assistance in resource flows will supplement current foreign exchange resources, such exceptional balance of payments financing will not be available beyond the adjustment period. Growth of the economy in the future thus rests on expansion and diversification of Malawi's export base. To assure that this happens Government has adopted a new strategy to enhance the competitiveness of Malawi's exports in world markets and encourage non-traditional export activity.

The flexible foreign exchange rate policy described above is by far the most important component of such a strategy, since it assures that successful exporters are rewarded appropriately in domestic Kwacha terms, at the scarcity value of the foreign exchange they earn. This removes the anti-export bias inherent in an overvalued currency, which rewards those who can import at artificially low costs of foreign exchange and punishes exporters by paying them less in domestic currency terms than their foreign exchange is worth.

Government is also committed to streamlining administrative procedures for exporters. Currently the Ministry of Trade, Industry and Tourism subjects 20 goods to licensing, including tea and tobacco which are the two largest export earners. Such licensing has been based upon the rationale of either quality control, national food security, or environmental protection. Government is committed to eliminating these licensing requirements for almost all export goods which are not needed for food security. Plans exist for a World Bank Agriculture Sector Credit during 1990 which will assist in developing simplified mechanisms for ensuring export quality control, thus reducing the role for export licensing further.

Fiscal incentives to exporters are also being increased as part of Malawi's tax reform program. Exporters are currently eligible for import duty drawbacks on imported inputs used in export production. The mechanism has been cumbersome and difficult to operate. Exporters have in actuality received back, in aggregate terms, less than 2% of total import duties in 1985 and those which did receive rebates were subjected to very long delays. Government is introducing a simplified drawback scheme which will eliminate physical content requirement, expand eligibility criteria, and provide uniform rebate rates by sector of production. An income tax allowance is another incentive being introduced for exporters. All registered exporters will receive back an income tax allowance of 4% of their taxable income derived from export sales.

A Foreign Exchange Revolving Fund has been established by Government to assure that exporters have adequate access to foreign exchange for their import requirements during the initial stages of the liberalization program. The purpose of the Fund is to make foreign exchange readily available to eligible exporters to import raw materials, intermediate goods and packaging goods to meet export orders. An Export Promotion Council of Malawi, established by the Export Promotion Council Act, will also offer other help and technical assistance to exporters.

2.D. Industrial Policies

An Industrial Development Act allows Government to control investment in the industrial sector. Investors are required to obtain an industrial license before making any investment in the manufacturing sector. This mechanism grants Government the power to hinder competition with existing producers, a power which has not typically been used. The law also includes a provision whereby certain producers may be granted exclusive monopoly rights for a period of five years. Again this power has rarely been used, but it acts as a potential deterrent to investors. As part of the liberalization of Malawi's economy, Government has agreed to revise the Industrial Development Act to eliminate the exclusive monopoly rights clause and strengthen domestic competition.

2.E. Price Regulation

Government previously decontrolled prices on more than 50 goods as part of its program to improve the efficiency of resource allocation and the structure of incentives, with the support of World Bank loans SAL II and SAL III. Price controls remain on 5 critical or politically sensitive goods: low-grade meat, fertilizer, fuel, sugar, and vehicle spare parts. As part of the Government's liberalization efforts there will be a de-control of the price of low-grade meat and possibly automobile spare parts. Government will adjust domestic prices of petroleum products periodically to implement a full pass-through of import and domestic distribution costs. Fertilizer and sugar prices will be reviewed under the up-coming Agriculture Sector Credit starting in 1990.

2.F. Fiscal Policies

Achievement of the broad program of liberalization undertaken by Malawi requires stringent controls of Government expenditures and attention to raising tax revenues. Without such measures, trade and industry liberalization are threatened by inflationary pressures, excessive demand for imports, and undue pressures on the exchange rate. Government's goal is to reduce the fiscal deficit to a level that can be financed while leaving domestic credit robust for investment. According to the Reserve Bank of Malawi's mid-1988 Report, these efforts are succeeding; the overall deficit as a proportion of GDP has fallen from 9.0% in 1986/7 to 7.1% in 1987/8 (below original projections) and is estimated at 4.5% for 1988/9. Taxes are relatively high in Malawi (the tax revenue to GDP ratio is near 20% and higher for the modern sector) so that most deficit reduction must fall upon expenditure adjustment (with Government expenditures to GDP projected to decrease from 28.4% in 1987/88 to 26.3% in 1990/91). During the same time period the revenue to GDP ratio will remain relatively constant, at about 18.7% of GDP.

The fiscal balance will be monitored by the IMF under terms of the stand-by arrangement and the proposed Enhanced Structural Adjustment Facility (ESAF). A balance will have to be continually drawn between expenditure targets on the one hand and resource flows from tax revenue and available foreign concessional inflows on the other hand. To tighten expenditures institutional measures will be developed to strengthen preparation of budgets for key development sectors and improved information flows will allow for tighter expenditure control. Among other reforms there will be a rolling three-year public sector investment program.

A comprehensive reform of the tax system will also be undertaken to improve its equity and efficiency. Between 1966 and 1981 Malawi raised its tax collection ratio from 8.6% of GDP to 15.4%, approaching tax levels as a proportion of GDP found in countries with per capita incomes 3 to 4 times higher than Malawi's income level. A large share of the increase in tax generation came from higher burdens placed on international trade taxes, which rose from 35% of total tax revenue in the early 1970s to 46% in the early 1980s. The average tariff rate on private sector imports increased from 12% in 1975 to 32% in 1986. This stimulates import substitution while acting as a disincentive to exports. There are also weak investment incentives in the corporate income tax, a cumbersome system of domestic surtax exemption, inefficient tax administration, and some tax leakages from the system.

Based upon work done under a 1985 World Bank report: "Tax Policy in Malawi," as well as several tax consultant missions from the Harvard Institute for International Development, Government has developed a package of tax reforms to be implemented during the period 1988-90. These reforms will shift the burden of taxation to domestic transactions and away from international trade, as well as to consumption and away from production. Of special relevance to the trade and industry sector, commodity taxation will be moved away from the present system of import duties, levy, surtax and excise tax and towards a flat basic rate of taxation on all imports and domestically manufactured goods. This tax will be collected at the point of importation or <u>ex factory</u>. Exports will be exempt under this proposed system.

2.G. Financial Sector Policies

Government has agreed with the IMF to pursue a tight monetary and credit policy. This is intended to strengthen the balance of payments, reduce domestic inflation (from approximately 35% in the first quarter of 1988 to a target of 5% in 1991), and to provide the private sector with sufficient resources to finance expansion requirements. Under the present system there are no administrative controls which direct credit within the economy and interest rates are market-determined. Government will set credit ceilings consistent with IMF targets. In the institutional realm Government has agreed to update and strengthen the financial system's legal framework and Government supervision of financial institutions. It has also agreed to improve mobilization of domestic long-term funds and make credit more readily available to small-scale industry.

2.H. Other Policies

Associated with the above reforms affecting the trade and industry sector, Government has undertaken to stimulate off-farm small-scale industry. Such economic activity has been limited in its development by lack of access to financing for working capital and limited entrepreneurial experience. The current level of small-scale (fewer than 20 workers) industrial establishments stands at 156 registered firms employing a total of 1,370 people. Government intends to strengthen existing financial and technical assistance institutions to small-scale industry and channel more credit to the sector. Donor assistance is available to assist in this undertaking. While such firms are not likely to develop as exporters immediately, stimulation of small-scale private enterprises will improve employment prospects and serve as a training ground for skills and entrepreneurial talent. Once stimulated, there is considerable room for this sector to develop niches in the export sector as well as in production of efficient domestic inputs to production for export.

DEVELOPMENT INDICATORS FOR MALAWI
Based Upon World Bank Data
(Values in Millions)

TITLE	UNIT	1970	1971	1972	1973	1974
NATIONAL INCOME						
Current prices General Government Consumption	Local currency	39.6	45.0	45.2	48.7	65.7
Current prices Private Consumption, etc.	Local currency	176.3	236.9	249.6	270.0	321.2
Current prices Domestic Absorption	Local currency	278.2	340.1	374.2	400.2	512.0
Current prices Exports of Goods & NF Services	Local currency	58.7	71.2	75.8	100.6	129.0
Current prices GDP at Factor Cost	Local currency	225.6	282.2	303.3	340.8	433.3
Current prices Gross Domestic Product	Local currency	242.1	303.6	325.5	364.0	461.5
Current prices Gross Domestic Savings	Local currency	26.2	21.7	31.7	45.3	75.6
Current prices Gross National Product	Local currency	236.1	300.3	321.8	364.8	473.9
Current prices Gross National Savings	Local currency	27.8	25.2	25.0	55.5	94.8
Current prices Imports of Goods & NF Services	Local currency	94.8	107.7	123.5	136.8	179.5
Current prices Fixed Investment	Local currency	0.0	0.0	0.0	74.3	87.3
Current prices Gross Domestic Investment	Local currency	62.3	58.2	79.4	81.5	125.1
Current prices Net Factor Income (+) or Payments	Local currency	(6.0)	(3.3)	(3.7)	0.8	12.4
Current prices Indirect Taxes Net of Subsidies	Local currency	16.5	21.4	22.2	23.2	28.2
Current prices Resource Balance	Local currency	(36.1)	(36.5)	(47.7)	(36.2)	(50.5)
Current prices Value Added in Agriculture	Local currency	99.2	125.1	138.4	141.7	175.4
Current prices Value Added in Industry	Local currency	39.4	44.6	52.9	57.3	76.9
Current prices Value Added in Manufacturing	Local currency	0.0	0.0	0.0	0.0	0.0
Current prices Value Added in Services, etc.	Local currency	87.0	112.5	112.0	141.8	181.0
GOVERNMENT						
GOVERNMENT DEFICIT (-) OR SURPLUS	Local currency	0.0	(24.9)	(20.0)	(20.6)	(29.5)
Government Capital Payments	Local currency	0.0	24.1	18.5	25.2	35.0
Government Capital Receipts	Local currency	0.0	0.2	0.3	0.3	0.3
Government Current Budget Balance	Local currency	0.0	(1.0)	(1.8)	4.3	5.2
Government Current Expenditure	Local currency	0.0	52.0	56.8	57.9	67.4
Government Current Revenue	Local currency	0.0	51.0	55.0	62.2	72.6
MONEY						
Money Supply, Broadly Defined	Local currency	56.0	66.9	74.3	98.8	133.4
Money as Means of Payment	Local currency	32.7	38.8	40.6	55.1	73.4
Quasi-Monetary Liabilities	Local currency	23.3	28.1	33.7	43.7	60.0
Currency Outside Banks	Local currency	13.3	14.8	17.3	21.3	28.3
Demand Deposits	Local currency	19.4	24.0	23.3	33.8	45.1
TRADE						
Current prices Exports of Manufactures	US $	6.7	5.6	6.1	7.4	11.3
Current prices Exports of Nonfuel Primary Products	US $	50.8	65.0	72.2	89.7	108.0
Current prices Value of Exports	US $	59.2	72.1	80.6	99.3	120.7
Current prices Imports of Fuels	US $	4.7	10.2	11.6	12.7	19.5
Current prices Imports of Manufactures	US $	62.5	83.0	99.8	105.0	139.7
Current prices Imports of Nonfuel Primary Products	US $	17.4	15.9	18.6	24.4	28.4
Current prices Value of Imports, cif	US $	65.6	109.0	130.0	142.2	187.6
LOANS AND DEBT						
Long-Term Interest Payments	US $, as per IBRD DRS	3.5	3.9	4.2	6.1	7.2
Disbursements of Long-Term Loans	US $, as per IBRD DRS	39.6	28.4	34.6	32.7	32.1
Net Long-Term Loans	US $, as per IBRD DRS	36.7	24.8	30.3	27.8	25.4
Repayments on Long-Term Loans	US $, as per IBRD DRS	2.9	3.6	4.3	4.9	6.7
Identified Short-Term Debt	US $, end of year	0.0	0.0	0.0	0.0	0.0
Public/Publicly Guar. Long-Term Debt	US $, IBRD DRS - end of y	122.3	140.8	164.5	201.8	229.6
Public Long Term Debt, IBRD & IDA	US $, IBRD DRS - end of y	16.9	24.2	34.2	42.8	50.2
Public Long Term Debt, Official Creditors	US $, IBRD DRS - end of y	100.6	120.0	141.5	174.7	201.5
Public Long Term Debt, Private Creditors	US $, IBRD DRS - end of y	21.7	20.8	23.0	27.1	28.1
BALANCE OF PAYMENTS						
Net Current Transfers	US $, BoP	9.1	8.1	8.7	11.4	8.1
Merchandise Exports, fob	US $, BoP	58.9	71.7	78.6	97.9	119.3
Exports of Goods & Services	US $, BoP	82.3	100.8	111.8	145.7	185.1
Non-Factor Services Receipts	US $, BoP	11.5	13.9	16.0	22.3	29.3

DEVELOPMENT INDICATORS FOR MALAWI
Based Upon World Bank Data
(Values in Millions)

TITLE	1975	1976	1977	1978	1979	1980	1981	1982
NATIONAL INCOME								
Current prices General Government Consumption	74.7	86.3	98.6	134.2	164.2	192.3	199.2	219.1
Current prices Private Consumption, etc.	365.2	416.6	483.4	502.2	577.0	714.7	773.5	835.8
Current prices Domestic Absorption	618.5	663.6	761.7	944.2	1,002.6	1,155.7	1,168.0	1,321.5
Current prices Exports of Goods & NF Services	154.3	185.3	218.4	195.7	209.7	269.7	284.4	280.2
Current prices GDP at Factor Cost	494.7	576.3	683.9	742.5	757.8	911.4	996.0	1,126.3
Current prices Gross Domestic Product	529.7	612.0	728.0	800.7	831.9	1,014.9	1,103.8	1,242.4
Current prices Gross Domestic Savings	89.8	109.1	146.0	164.3	90.7	107.9	131.1	187.5
Current prices Gross National Product	537.7	594.0	705.0	796.7	797.1	933.6	1,029.5	1,168.4
Current prices Gross National Savings	105.9	115.9	146.0	199.5	99.8	37.4	68.6	127.0
Current prices Imports of Goods & NF Services	243.1	237.9	252.1	329.2	[illegible]	410.5	348.5	359.3
Current prices Fixed Investment	131.8	135.3	161.6	247.1	231.9	223.1	167.8	181.7
Current prices Gross Domestic Investment	178.6	160.7	179.7	307.8	261.4	248.7	195.3	266.6
Current prices Net Factor Income (+) or Payments	8.0	(18.0)	(23.0)	(4.0)	(34.8)	(81.3)	(74.3)	(74.0)
Current prices Indirect Taxes Net of Subsidies	35.0	33.7	44.1	58.2	74.1	103.5	107.8	116.1
Current prices Resource Balance	(88.8)	(51.6)	(33.7)	(143.5)	(170.7)	(140.8)	(64.2)	(79.1)
Current prices Value Added in Agriculture	193.7	233.1	298.0	294.9	299.6	318.8	345.2	405.0
Current prices Value Added in Industry	91.3	103.1	113.5	143.5	142.4	162.0	186.1	203.4
Current prices Value Added in Manufacturing	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Current prices Value Added in Services, etc.	209.7	242.1	272.4	304.1	315.8	430.6	464.7	517.9
GOVERNMENT								
GOVERNMENT DEFICIT (-) OR SURPLUS	(48.5)	(37.6)	(45.2)	(74.3)	(75.5)	(160.3)	(137.7)	(95.0)
Government Capital Payments	63.3	50.5	72.0	104.6	138.2	215.5	131.4	110.6
Government Capital Receipts	0.3	0.2	0.3	0.3	0.4	0.6	0.4	0.1
Government Current Budget Balance	14.4	12.9	27.5	29.9	62.3	54.6	(6.7)	15.4
Government Current Expenditure	79.0	84.5	97.7	139.3	149.9	180.9	263.9	256.2
Government Current Revenue	93.4	97.4	125.2	[illegible]	211.2	235.5	257.2	271.6
MONEY								
Money Supply, Broadly Defined	139.1	137.4	176.2	190.2	192.9	219.0	273.2	317.4
Money as Means of Payment	73.6	72.8	100.1	93.8	90.6	97.2	114.8	130.8
Quasi-Monetary Liabilities	65.5	64.6	78.1	96.4	102.3	121.8	158.5	186.6
Currency Outside Banks	27.8	23.1	24.6	29.8	32.3	35.3	39.4	49.5
Demand Deposits	45.8	49.7	75.5	64.0	58.3	61.9	75.4	81.3
TRADE								
Current prices Exports of Manufactures	17.3	11.6	14.4	14.1	14.6	31.3	31.2	26.6
Current prices Exports of Nonfuel Primary Products	121.7	153.8	185.5	171.1	208.1	253.3	242.5	219.2
Current prices Value of Exports	139.1	165.6	200.0	185.3	222.8	285.2	273.9	246.0
Current prices Imports of Fuels	24.9	27.8	30.2	40.3	58.0	67.5	59.3	50.9
Current prices Imports of Manufactures	196.0	151.7	177.7	274.5	306.1	329.1	244.8	222.6
Current prices Imports of Nonfuel Primary Products	29.6	26.1	24.4	23.5	33.6	43.7	46.0	37.4
Current prices Value of Imports, cif	250.5	205.6	231.4	338.2	397.6	440.2	350.1	311.0
LOANS AND DEBT								
Long-Term Interest Payments	8.4	8.9	7.1	16.6	24.1	34.5	49.4	32.6
Disbursements of Long-Term Loans	60.5	57.8	99.7	135.6	123.0	158.3	122.8	73.2
Net Long-Term Loans	51.9	48.8	85.3	115.7	103.4	125.2	83.7	43.0
Repayments on Long-Term Loans	8.6	9.0	14.4	19.9	19.6	33.1	39.1	30.2
Identified Short-Term Debt	0.0	0.0	69.0	75.0	115.0	111.0	50.0	85.0
Public/Publicly Guar. Long-Term Debt	257.2	294.9	368.8	503.9	510.2	643.7	674.8	703.8
Public Long Term Debt, IBRD & IDA	61.7	73.7	86.9	107.4	134.1	156.0	202.9	249.0
Public Long Term Debt, Official Creditors	223.9	243.2	283.2	365.2	337.8	450.1	484.4	539.8

DEVELOPMENT INDICATORS FOR MALAWI
Based Upon World Bank Data
(Values in Millions)

TITLE	1983	1984	1985	1986
NATIONAL INCOME				
Current prices General Government Consumption	236.3	258.1	346.3	401.1
Current prices Private Consumption, etc.	979.9	1,156.4	1,409.5	[illegible]
Current prices Domestic Absorption	1,543.8	[illegible]	2,117.5	2,339.4
Current prices Exports of Goods & NF Services	298.2	[illegible]	475.0	491.2
Current prices GDP at Factor Cost	[illegible]	[illegible]	1,808.3	2,047.7
Current prices Gross Domestic Product	1,424.9	1,688.3	2,024.3	2,275.1
Current prices Gross Domestic Savings	218.7	[illegible]	[illegible]	[illegible]
Current prices Gross National Product	1,359.4	[illegible]	[illegible]	2,153.1
Current prices Gross National Savings	154.1	[illegible]	[illegible]	[illegible]
Current prices Imports of Goods & NF Services	407.1	433.6	568.2	555.6
Current prices Fixed Investment	197.3	[illegible]	[illegible]	[illegible]
Current prices Gross Domestic Investment	327.6	234.8	361.7	[illegible]
Current prices Net Factor Income (+) or Payments	(75.5)	[illegible]	[illegible]	[illegible]
Current prices Indirect Taxes Net of Subsidies	129.6	176.1	216.0	227.4
Current prices Resource Balance	(108.9)	45.0	(93.2)	64.3
Current prices Value Added in Agriculture	469.6	572.8	663.5	[illegible]
Current prices Value Added in Industry	275.5	278.4	335.7	376.4
Current prices Value Added in Manufacturing	0.0	0.0	217.1	247.7
Current prices Value Added in Services, etc.	590.2	659.0	809.1	912.8
GOVERNMENT				
GOVERNMENT DEFICIT (-) OR SURPLUS	(101.8)	[illegible]	(162.6)	[illegible]
Government Capital Payments	119.3	145.9	201.4	[illegible]
Government Capital Receipts	0.2	0.4	0.4	[illegible]
Government Current Budget Balance	[illegible]	66.2	38.4	0.0
Government Current Expenditure	297.4	320.2	422.5	0.0
Government Current Revenue	316.7	[illegible]	[illegible]	[illegible]
MONEY				
Money Supply, Broadly Defined	348.0	453.6	449.1	[illegible]
Money as Means of Payment	127.8	154.2	165.9	[illegible]
Quasi-Monetary Liabilities	220.2	299.4	282.2	[illegible]
Currency Outside Banks	50.0	56.8	66.0	79.3
Demand Deposits	77.7	97.4	[illegible]	141.5
TRADE				
Current prices Exports of Manufactures	25.1	35.0	33.5	[illegible]
Current prices Exports of Nonfuel Primary Products	203.7	279.1	216.2	[illegible]
Current prices Value of Exports	[illegible]	314.4	250.1	242.7
Current prices Imports of Fuels	51.0	41.9	39.8	[illegible]
Current prices Imports of Manufactures	[illegible]	[illegible]	218.5	[illegible]
Current prices Imports of Nonfuel Primary Products	37.5	[illegible]	26.4	[illegible]
Current prices Value of Imports, cif	311.0	[illegible]	[illegible]	[illegible]
LOANS AND DEBT				
Long-Term Interest Payments	31.5	[illegible]	[illegible]	[illegible]
Disbursements of Long-Term Loans	64.8	111.5	66.6	119.8
Net Long-Term Loans	36.9	69.5	14.6	[illegible]
Repayments on Long-Term Loans	[illegible]	[illegible]	52.2	[illegible]
Identified Short-Term Debt	[illegible]	42.0	[illegible]	[illegible]
Public Publicly Guar. Long-Term Debt	712.9	740.3	904.2	909.7
Public Long Term Debt, IBRD & IDA	277.2	346.3	390.4	451.5
Public Long Term Debt, Official Creditors	571.3	609.5	706.1	845.4

DEVELOPMENT INDICATORS FOR MALAWI
Based Upon World Bank Data
(Values in Millions)

TITLE	UNIT	1970	1971	1972	1973	1974
Factor Service Receipts	US $, BoP	11.9	15.1	17.3	25.5	37.5
Factor Service Payments	US $, BoP	12.4	12.4	15.5	16.1	16.5
Merchandise Imports, fob	US $, BoP	82.8	93.1	111.5	123.4	155.1
Imports of Goods & Services	US $, BoP	126.2	142.0	169.6	184.9	228.9
Non-Factor Services Payments	US $, BoP	31.0	36.5	42.6	45.4	46.2
Increase (-) in Reserves	US $, BoP	(6.7)	1.4	(2.5)	(34.0)	(14.5)
Other Net Long-Term Inflows	US $, BoP	(9.8)	(2.3)	(2.3)	13.0	21.4
Current Account Balance	US $, BoP	(34.8)	(33.1)	(49.1)	(27.8)	(35.7)
Net Foreign Direct Investment	US $, BoP	5.6	9.6	10.1	7.7	22.7
Net Long-Term Capital Inflow	US $, BoP	35.5	32.1	38.1	48.5	69.5
Other Net Capital Inflows	US $, BoP	5.2	(6.4)	13.5	13.3	(19.2)
INDICIES						
Terms of Trade Index	US dollar-based	125.6	140.6	128.7	124.2	112.5
Constant price Exports, fob	1980 US $	186.4	212.1	230.8	231.5	192.8
Constant price Imports, cif	1980 US $	375.1	449.0	479.1	411.6	337.2
Domestic Absorption Deflator	1980=100	37.0	40.3	41.7	45.8	55.5
GDP Deflator	1980=100	44.1	47.5	48.1	52.2	61.6
Agricultural Value Added Deflator	1980=100	47.4	51.2	51.7	56.4	69.6
Industrial Value Added Deflator	1980=100	47.3	46.6	47.0	51.5	61.7
Manufacturing Real Output per Employee	1980=100	120.7	123.3	120.6	125.9	121.1
Manufacturing Real Earnings per Employee	1980=100	117.8	104.2	100.8	99.6	102.7
Fuel Export Price Index	1980=100, US dollar-based	4.3	5.6	6.2	8.9	36.7
Manufactures Export Price Index	1980=100, US dollar-based	37.5	36.5	38.5	49.5	67.2
Nonfuel Primary Products Export Price Index	1980=100, US dollar-based	35.6	38.4	40.2	46.8	62.5
Export Price Index, fob	1980=100, US dollar-based	31.7	34.0	34.9	42.9	62.6
Import Price Index, cif	1980=100, US dollar-based	25.3	24.3	27.1	34.5	55.7
Conversion Factor, Annual Average	Local currency per U.S. d	0.8	0.8	0.8	0.8	0.8

DEVELOPMENT INDICATORS FOR MALAWI
Based Upon World Bank Data
(Values in Millions)

TITLE	1975	1976	1977	1978	1979	1980	1981	1982
Public Long Term Debt, Private Creditors	33.3	51.7	85.6	[illegible]	172.4	197.6	190.4	164.0
BALANCE OF PAYMENTS								
Net Current Transfers	9.3	27.1	25.5	46.4	53.7	13.3	13.1	12.8
Merchandise Exports, fob	138.7	165.3	199.8	184.5	222.5	280.7	272.7	239.7
Exports of Goods & Services	212.6	196.2	0.0	208.1	254.0	309.4	310.0	269.2
Non-Factor Services Receipts	35.3	23.4	13.3	22.4	30.2	26.4	36.0	27.9
Factor Service Receipts	38.6	7.4	0.0	1.1	1.3	2.2	1.3	1.5
Factor Service Payments	17.4	17.2	[illegible]	49.4	127.1	151.4	131.5	92.0
Merchandise Imports, fob	225.0	182.6	157.0	267.9	317.6	328.9	299.6	272.3
Imports of Goods & Services	301.2	[illegible]	[illegible]	415.4	562.9	526.9	537.6	430.1
Non-Factor Services Payments	59.3	66.2	117.5	100.0	118.2	126.7	82.5	65.1
Increase (-) in Reserves	18.5	36.1	(51.5)	13.7	36.4	28.5	47.5	17.6
Other Net Long-Term Inflows	(7.2)	(11.7)	(31.2)	(22.8)	2.4	51.2	(33.5)	(23.6)
Current Account Balance	(79.6)	(42.7)	(61.8)	(162.0)	(255.3)	(304.0)	(190.5)	(145.1)
Net Foreign Direct Investment	8.6	9.7	5.5	9.1	(1.2)	9.5	1.1	(0.6)
Net Long-Term Capital Inflow	57.2	46.9	59.5	102.0	104.7	236.0	97.6	45.7
Other Net Capital Inflows	4.0	(46.1)	53.7	46.3	114.2	39.6	45.4	84.9
INDICIES								
Terms of Trade Index	118.1	109.8	118.4	104.9	103.6	100.0	93.9	93.2
Constant price Exports, fob	197.3	253.8	256.9	244.0	253.0	285.2	283.5	265.5
Constant price Imports, cif	419.6	346.0	356.9	457.4	467.7	440.2	340.2	313.9
Domestic Absorption Deflator	61.5	68.5	75.1	77.9	86.0	100.0	111.3	122.3
GDP Deflator	66.7	72.4	53.6	83.6	82.5	100.0	115.9	127.3
Agricultural Value Added Deflator	74.9	[illegible]	[illegible]	39.1	[illegible]	[illegible]	117.9	129.3
Industrial Value Added Deflator	64.7	75.6	79.2	89.2	98.0	100.0	116.7	127.3
Manufacturing Real Output per Employee	138.3	0.0	0.3	[illegible]	[illegible]	[illegible]	116.6	102.5
Manufacturing Real Earnings per Employee	[illegible]	[illegible]	[illegible]	0.0	111.9	100.0	110.0	[illegible]
Fuel Export Price Index	35.7	38.4	42.9	42.3	61.3	[illegible]	112.5	101.6
Manufactures Export Price Index	63.1	66.7	71.7	76.1	90.0	100.0	99.1	94.3
Nonfuel Primary Products Export Price Index	71.3	65.2	77.1	75.0	88.1	[illegible]	96.2	92.4
Export Price Index, fob	70.5	65.2	76.7	75.9	86.1	100.0	96.6	92.6
Import Price Index, cif	59.7	59.4	64.8	72.4	85.0	[illegible]	102.9	99.4
Conversion Factor, Annual Average	0.9	0.8	0.9	0.8	0.8	0.8	0.9	1.1

DEVELOPMENT INDICATORS FOR MALAWI
Based Upon World Bank Data
(Values in Millions)

TITLE	1983	1984	1985	1986
Public Long Term Debt, Private Creditors	141.6	130.8	98.1	64.3
BALANCE OF PAYMENTS				
Net Current Transfers	9.3	10.0	2.5	12.8
Merchandise Exports, fob	246.2	311.8	250.0	245.3
Exports of Goods & Services	276.2	340.8	279.1	269.8
Non-Factor Services Receipts	28.8	27.1	23.6	21.3
Factor Service Receipts	1.3	1.9	5.5	3.2
Factor Service Payments	0.1	0.2	0.1	68.7
Merchandise Imports, fob	241.9	220.9	197.6	154.1
Imports of Goods & Services	334.2	295.8	298.5	366.7
Non-Factor Services Payments	92.2	74.7	100.7	144.1
Increase (-) in Reserves	32.9	(23.9)	19.6	(3.7)
Other Net Long-Term Inflows	(67.8)	(114.3)	1.5	24.0
Current Account Balance	(144.1)	(16.2)	(96.0)	(84.1)
Net Foreign Direct Investment	0.0	0.0	0.0	0.0
Net Long-Term Capital Inflow	(1.4)	(20.4)	40.6	98.2
Other Net Capital Inflows	112.6	60.5	35.8	(10.4)
INDICIES				
Terms of Trade Index	95.1	97.4	87.5	87.6
Constant price Exports, fob	245.7	342.1	303.8	278.4
Constant price Imports, cif	322.5	286.1	204.6	261.6
Domestic Absorption Deflator	138.3	154.4	194.9	219.3
GDP Deflator	141.6	159.8	181.0	205.7
Agricultural Value Added Deflator	144.4	166.8	191.6	217.5
Industrial Value Added Deflator	143.0	168.4	191.0	218.2
Manufacturing Real Output per Employee	92.4	0.0	0.0	0.0
Manufacturing Real Earnings per Employee	105.0	0.0	0.0	0.0
Fuel E [illegible] Index	92.5	90.2	87.5	45.0
Manufactures Exp. Price Index	90.7	89.3	89.0	103.2
Nonfuel Primary Products Export Price Index	91.9	92.3	81.4	84.3
Export Price Index, fob	91.7	91.9	82.3	87.3
Import Price Index, cif	96.4	94.4	94.1	95.5
Conversion Factor, Annual Average	1.2	1.4	1.7	1.9

SOCIAL INDICATORS FOR MALAWI
Based Upon World Bank Data

TITLE	UNIT	1970	1971	1972	1973	1974	1975	1976	1977	1978	1979	1980
LAND												
Total land area	SQ KILOM.	119	119	119	119	119	119	119	119	119	119	119
Total agricultural land	SQ KILOM.	40	40	41	41	41	41	41	41	41	41	42
Arable land	SQ KILOM.	21	21	22	23	23	23	23	23	23	23	23
Pasture land	SQ KILOM.	18	18	18	18	18	18	18	18	18	18	18
POPULATION												
Total population, (interp series)	NUMBER	4.513.001	4.643.001	4.778.001	4.916.001	5.058.001	5.204.001	5.354.031	5.509.051	5.682.961	5.861.601	6.046.001
Population, female	NUMBER	0	0	0	0	0	0	2.717.855	2.795.618	2.882.481	2.972.331	3.063.561
Population, male	NUMBER	0	0	0	0	0	0	2.636.157	2.713.384	2.799.521	2.888.671	2.982.441
Population, age 0-14	NUMBER	0	0	0	0	0	0	2.525.938	2.572.141	2.621.992	2.675.524	2.726.457
Population, age 15-64	NUMBER	0	0	0	0	0	0	2.680.015	2.766.233	2.860.938	2.957.952	3.056.970
Population, age 65+	NUMBER	0	0	0	0	0	0	148.019	170.639	197.072	227.526	262.575
Urban population total	NUMBER	0	0	0	0	0	0	444.217	474.962	507.400	542.509	580.416
Urban population as % total	PERCENT	7	7	7	7	8	8	8	9	9	9	10
Agriculture population density	NUMBER	0	0	0	0	0	0	130.0[illegible]	133.779	137.313	141.635	145.337
DEMOGRAPHIC CHARACTERISTICS												
Crude birth rate, (interp series)	NUMBER	56	56	56	56	56	55	55	55	55	54	54
Crude death rate (interp series)	NUMBER	27	27	27	26	26	26	25	25	25	24	24
Infant mort rate, age 0-1 (interp series)	NUMBER	190	188	186	184	181	179	177	174	172	170	168
Child mort rate, age 1-4 (interp series)	NUMBER	0	0	0	0	0	0	0	0	0	0	0
Life expectancy, total	NUMBER	0	0	0	0	0	0	42	42	42	43	43
Life expectancy, males (interp series)	NUMBER	39	39	40	40	40	41	41	42	42	42	43
Life expectancy, female	NUMBER	41	42	42	42	42	43	43	43	44	44	44
Total fertility rate (interp series)	NUMBER	0	0	0	0	0	0	0	0	0	0	0
Contraceptive users	NUMBER	0	0	0	0	0	0	[illegible]	[illegible]	[illegible]	[illegible]	0
Persons per household	NUMBER	0	0	0	0	0	0	3	3	0	0	0
Persons per household, rural	NUMBER	0	0	0	0	0	0	[illegible]	[illegible]	0	0	0
Persons per household, urban	NUMBER	0	0	0	0	0	0	3	4	0	0	0
HEALTH AND NUTRITION												
Number of physicians	NUMBER	59	0	0	0	0	0	[illegible]	0	0	0	0
Population per physician	NUMBER	0	0	0	0	0	0	[illegible]	0	0	0	0
Number of nurses	NUMBER	0	873	0	0	0	0	[illegible]	[illegible]	0	0	0
Population per nurse	NUMBER	0	0	0	0	0	0	[illegible]	[illegible]	4	0	0
Number of hospital beds	NUMBER	6.951	0	0	0	0	0	[illegible]	0	0	0	0
Pop per hospital bed	NUMBER	0	0	0	0	0	0	[illegible]	0	0	0	0
Daily calorie intake	NUMBER	2.317	2.422	2.350	2.469	2.451	2.465	2.51[illegible]	2.[illegible]	2.549	2.4[illegible]	2.452
Daily calorie requirement	NUMBER	0	0	0	0	0	0	[illegible]	2.320	0	0	0
Daily protein supply (gms)	NUMBER	71	75	73	73	72	71	[illegible]	[illegible]	[illegible]	[illegible]	70
% Dwellings w/electricity	PERCENT	0	0	0	0	0	0	[illegible]	0	0	0	0
Safe water access as % of population	PERCENT	0	0	0	0	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	0
Safe water, rural	PERCENT	0	0	0	0	0	0	25	[illegible]	0	0	0
Safe water, urban	PERCENT	0	0	0	0	0	0	[illegible]	[illegible]	[illegible]	[illegible]	0

TITLE	UNIT	1980	1981	1982	1983	1984	1985	1986
LAND								
Total land area	SQ KILOM.	119	119	119	119	119	119	0
Total agricultural land	SQ KILOM.	42	42	42	42	42	0	0
Arable land	SQ KILOM.	23	23	23	23	23	0	0
Pasture land	SQ KILOM.	18	18	18	18	18	0	0
POPULATION								
Total population, (interp series)	NUMBER	6.046.001	6.234.001	6.427.001	6.626.001	6.832.001	7.044.001	7.278.001
Population, female	NUMBER	3.063.561	3.158.823	3.256.617	3.357.452	3.461.834	3.575.522	0
Population, male	NUMBER	2.982.441	3.075.179	3.170.385	3.268.550	3.370.168	3.468.480	0
Population, age 0-14	NUMBER	2.726.457	2.861.687	3.001.556	3.146.541	3.297.141	3.452.736	0
Population, age 15-64	NUMBER	3.056.970	3.108.848	3.161.349	3.214.968	3.270.148	3.326.580	0
Population, age 65+	NUMBER	262.575	263.467	264.097	264.501	264.713	264.686	0
Urban population total	NUMBER	580.416	0	0	0	0	0	0
Urban population as % total	PERCENT	10	0	0	0	0	0	0
Agriculture population density	NUMBER	145.337	149.856	154.014	158.365	163.250	0	0
DEMOGRAPHIC CHARACTERISTICS								
Crude birth rate, (interp series)	NUMBER	54	54	54	54	54	54	0
Crude death rate (interp series)	NUMBER	24	23	23	22	22	22	0
Infant mort rate, age 0-1 (interp series)	NUMBER	168	165	163	160	158	156	0
Child mort rate, age 1-4 (interp series)	NUMBER	0	0	37	0	36	35	0
Life expectancy, total	NUMBER	43	44	44	44	45	45	0
Life expectancy, males (interp series)	NUMBER	43	43	43	44	44	44	0
Life expectancy, female	NUMBER	44	45	45	45	46	46	0
Total fertility rate (interp series)	NUMBER	5	8	8	8	8	8	0
Contraceptive users	NUMBER	0	0	0	0	0	0	0
Persons per household	NUMBER	0	0	0	0	0	0	0
Persons per household, rural	NUMBER	0	0	0	0	0	0	0
Persons per household, urban	NUMBER	0	0	0	0	0	0	0
HEALTH AND NUTRITION								
Number of physicians	NUMBER	0	118	0	0	0	0	0
Population per physician	NUMBER	0	0	0	0	0	0	0
Number of nurses	NUMBER	0	2.092	0	0	0	0	0
Population per nurse	NUMBER	0	0	0	0	0	0	0
Number of hospital beds	NUMBER	0	0	0	0	0	0	0
Pop per hospital bed	NUMBER	0	0	0	0	0	0	0
Daily calorie intake	NUMBER	2.452	2.488	2.446	2.423	2.448	2.415	0
Daily calorie requirement	NUMBER	0	0	0	0	0	0	0
Daily protein supply (gms)	NUMBER	70	70	69	70	70	67	0
% Dwellings w/electricity	PERCENT	0	0	0	0	0	0	0
Safe water access as % of population	PERCENT	0	0	0	0	6	0	0
Safe water, rural	PERCENT	0	0	0	0	28	0	0
Safe water, urban	PERCENT	0	0	0	0	58	0	0

TITLE	UNIT	1970	1971	1972	1973	1974	1975	1976	1977	1978	1979
EDUCATION											
Gross enrollment ratio	PERCENT	0	0	0	0	0	0	[illegible]	55	55	59
Gross enrollment ratio, male	PERCENT	0	0	0	0	0	0	47	55	66	70
Gross enrollment ratio, female	PERCENT	0	0	0	0	0	0	44	44	45	48
% Pups reaching grade 6	PERCENT	0	0	0	0	0	0	9	37	0	0
Illiterate population as % pop age 15+	PERCENT	0	0	0	0	0	0	9	[illegible]	[illegible]	0
EMPLOYMENT											
Labor force size	NUMBER	2.162.091	2.206.201	2.250.401	2.294.601	2.338.801	2.383.001	2.447.001	[illegible]	[illegible]	[illegible]
Labor participation rate	PERCENT	48	0	0	0	0	46	0	0	0	0
Male labor participation rate	PERCENT	54	0	0	0	0	53	[illegible]	[illegible]	[illegible]	[illegible]
Female labor participation rate	PERCENT	42	0	0	0	0	40	[illegible]	0	0	0
Female labor force as % total labor force	PERCENT	45	45	45	45	45	45	45	44	44	44
Labor in agriculture as % total	PERCENT	91	90	89	88	88	87	86	86	85	84
Labor in industry	PERCENT	4	4	5	5	5	5	6	6	[illegible]	[illegible]
Labor in services	PERCENT	6	6	6	7	7	[illegible]	8	8	9	9

TITLE	UNIT	1980	1981	1982	1983	1984	1985	1986
EDUCATION								
Gross enrollment ratio	PERCENT	61	64	62	60	62	0	0
Gross enrollment ratio, male	PERCENT	74	73	73	69	71	0	0
Gross enrollment ratio, female	PERCENT	49	51	52	50	53	0	0
% Pups reaching grade 6	PERCENT	0	30	0	0	33	0	0
Illiterate population as % pop age 15+	PERCENT	0	0	0	0	0	0	0
EMPLOYMENT								
Labor force size	NUMBER	2.703.001	2.777.201	2.851.401	2.925.601	2.999.801	3.074.001	3.1[illegible]8.201
Labor participation rate	PERCENT	45	0	0	0	0	44	0
Male labor participation rate	PERCENT	53	0	0	0	0	52	0
Female labor participation rate	PERCENT	39	0	0	0	0	37	0
Female labor force as % total labor force	PERCENT	44	44	43	43	43	43	42
Labor in agriculture as % total	PERCENT	83	0	0	0	0	0	0
Labor in industry	PERCENT	7	0	0	0	0	0	0
Labor in services	PERCENT	9	0	0	0	0	0	0

MOZAMBIQUE:

ECONOMIC POLICY PROFILE

1. LIBERALIZATION STRATEGY OVERVIEW(1)

During the first half of the 1980s the Mozambican economy suffered severe declines in output and economic disturbances. Some of this can be attributed to external forces including adverse terms of trade and armed attacks throughout the country. But inappropriate economic policies also contributed to the problems. An initial effort was made to adopt corrective policy measures during 1984-86. This included debt rescheduling, creation of an export retention scheme, adjustments in prices controlled by Government, and initial freeing of some farm produce prices. Since these actions did not attack the fundamental structural problems and distortions, they proved insufficient and the economy continued to shrink. Government recognized that the bleak security situation, while burdening the economy and distorting economic activity, was not the sole reason for economic collapse. What was evident was the need for a much more comprehensive and ambitious reform of the economy.

In January, 1987 the Government undertook an Economic Rehabilitation Program designed to relieve structural problems and distortions. Increased efficiency in production and resource allocation was one goal, pursued by greater reliance on market signals and reduced central administrative controls. Demand management was also pursued through the use of fiscal, monetary, exchange rate and external borrowing policies. Rescurces were sought from an increase in and a redirection of external assistance, part of which was to be used to rehabilitate economic infrastructure and to ease the situation of people displaced by drought and security disturbances. External debt was to be serviced at feasible levels. Structural reforms were started in agriculture, industry, banking and transportation while public enterprise management was to be improved.

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(1) The discussion in this paper is based upon analyses and documents of the Government of Mozambique, the World Bank. The International Monetary Fund and U.S. A.I.D., as well as discussions with officials in Mozambique. It is intended to provide an overview of issues and progress concerning economic management of Mozambique's economy and to assist U.S. A.I.D. in considering a five year development strategy for Southern Africa.

The most recent Government statement of overall macroeconomic policy strategy, jointly prepared with the IMF and the World Bank, is the second Policy Framework Paper document covering 1988 to 1990. It reaffirms the basic strategy of the Economic Rehabilitation Program.

As overall objectives for the Economic Rehabilitation Program, the following remain of highest priority:

1) reverse the decline in production and restore a minimal level of consumption and income for the population, especially those in the rural areas;
2) curtail domestic financial imbalances and strengthen the external payments position;
3) establish the conditions for more rapid and more efficient economic growth in the medium- to long-term as the security situation eases and other exogenous constraints improve.

These add up to modest economic growth being re-established during 1987 and accelerating to a growth rate of 3-4% during 1988 and 1989. Recovery is to be centered on the agricultural sector which can provide the needed increased in rural incomes and restoration of production for export. Export volumes are projected to grow at 8%, although starting from a very low base. Real investment would stabilize with a redistribution of available resources to rehabilitation and completion of priority ongoing projects rather than initiation of new projects. Recovery of production and external financing of essential imports should provide for a relatively rapid growth in real consumption per capita averaging in excess of 5% per year.

This reform approach should be put in some historical context so that it can be judged in terms of its effectiveness in correcting economic problems and policies. Mozambique's economy went through a serious decline in output and aggravation of economic distortions and financial imbalances during the first half of the 1980s. Exogenous developments, including adverse terms of trade and climatic variation, were adverse during this time while disruptions and insecurity from armed attacks in a number of parts of the country introduced severe dislocation. At the same time, economic policies were inappropriate to deal effectively with an increasing range of economic problems.

From 1980 to 1986 overall production decreased by nearly 30% while exports dropped by 75% and imports fell some 33% by the end of 1985, only recovering slightly in 1986. An increasingly overvalued exchange rate aggravated external imbalances and external debt service arrears rose rapidly.

Large fiscal deficits and unchecked bank financing of enterprise losses resulted in a tripling of the money stock despite shrinking real output. Extensive administrative controls permeated the economy, including direct decisions on prices and resource allocation. Although intended to promote efficiency and social equity, such government control of the economy brought about rigidities and disincentives which worked against economic recovery. Distortions increased as barter, inflation and parallel or illegal markets became pervasive.

Initial, although modest, efforts were made to correct these economic problems during the period 1984-86. External debt was rescheduled. An export retention scheme was introduced. Prices were adjusted upwards for some staple food items and services while there was a freeing of some farm produce prices. But these measures did not attack the basic structural problems and distortions in the economy and proved to be insufficient to reverse the economy's decline. In light of the probable continuation of a serious security threat to the country, which would present additional disruptions and hamper economic recovery, a bolder, more comprehensive reform program was obviously required. The Economic Rehabilitation Program which started in January, 1987 is that comprehensive attack on structural rigidities and distortions in the economy.

The first year of the Economic Rehabilitation Program, in summary terms, sought to enhance economic efficiency and improved resource allocation by strengthening economic incentives and increasing reliance on market signals as opposed to centralized administrative controls. Other measures sought to improve demand management by using appropriate fiscal, monetary, exchange rate and external borrowing policies. External assistance was increased and redirected to support rehabilitation of economic infrastructure for the population displaced by drought and security disturbances. External debt burden was rearranged and debt service payments arranged at feasible levels. Structural reforms were started in the key sectors of agriculture, industry, banking and transportation.

During the second year of the Economic Rehabilitation Program - 1988 - the overall objectives remain unchanged. The strategy is to continue a focus on key constraints to economic growth while refining particular policy changes and new programs to take account of various economic studies completed during 1987. Further work will be done in 1988 to chart out a multi-year rehabilitation of various sectors of the economy, consistent with the evolving macroeconomic framework of increasingly price-based incentives and indirect as opposed to previously direct government controls on the economy.

Mozambique has undertaken an ambitious, if high risk, economic reform package. It has made substantial progress towards correcting market distortions, dismantling direct administrative intervention in the economy, and re-establishing a foundation from which economic growth can be sustainable. However, the economy was severely deteriorated when the current reform effort started, both from a long period of excessive statist control and from security disruptions which continue.

The need for rehabilitation of most sectors of the economy places real, if unknown, constraints on a well-functioning economy over the next 5 years. Some sectors have capital so deteriorated and obsolete that it must be replaced. Other sectors, not directly as dehabilitated, nevertheless depend on inputs from an economy with major portions unable to provide reasonably priced and regularly delivered intermediate inputs to production.

In such a situation, there is a substantial risk that the reform agenda will be delayed or even set aside. Security risks, having severely disrupted the country, could remain serious or even increase. Supplemental resources from donors must remain high if the reform agenda is to continue. Political will in the nation must continue to support reform through a period when hardship will prevail and some groups' welfare will be relatively harmed as other groups' well-being increases.

2. KEY POLICY ELEMENTS

2.A. Exchange Rate Management

The objective of exchange rate management under the [illegible]-year Economic Rehabilitation Program is to restore economic incentives by integrating the official and parallel market rates. This should result in a market-clearing exchange rate by the end of the Economic Rehabilitation Program period, allowing Government to rely more heavily on macro management rather than direct administrative controls to maintain the balance of payments. The goal at the start of the Economic Rehabilitation Program was to bring the official rate to 50% of the parallel market rate by the end of 1987, to 70% of the parallel rate by the middle of 1988, and to provide for a merging of the two rates by 1990.

During 1987 the metical was devalued from Mt. 39 per U.S.dollar to Mt. 200/U.S. $ in January and to Mt. 400 in June, 1987. 1988 should see a continuation of flexible adjustments in the exchange rate, a policy central to restoring adequate economic incentives (especially for exporters) and to strengthening the nation's external accounts. The Government intends to attain a realistic and flexibly managed exchange rate by the end of the Economic Rehabilitation Program period (1990). This should allow for a dramatic decrease in the scope of administrative allocations of foreign exchange and interference in the trade system. The objective is to use appropriate macroeconomic policies to manage the balance of payments.

Some progress in this regard has already been achieved. It is Government policy initially to prevent (on a monthly basis) a widening of the gap between the official and the parallel market foreign exchange rates. A modified system of exchange rate management will be developed during 1988 to move the exchange rate by 1990 to a realistic market-clearing level.

2.B. Import Administration

Linked to exchange rate policy, and the move towards a more flexible and realistic exchange rate, will be a gradual dismantling of direct Government control of the trade system. In the interim, through 1990, there will still be dependence on administrative allocation which will be improved in efficiency even as the economy's need for such direct allocation shrinks. For example, the Government has decreased the number of product groups which must be traded through a Government monopoly trading corporation from 11 imports and 3 exports at the end of 1986 to 5 imports (petroleum products, pharmaceutical, agrochemicals, cereals, and electricity) and 1 export product (sugar) by the end of 1987. During 1988 the Government is committed to review the role of administrative import restrictions in the economy and prepare a program under which a limited number of products could be imported without administrative restriction. Due to be implemented by late 1988, such a system would allow importers of such products to purchase foreign exchange through the banking system subject only to automatic licensing procedures.

Steps are being taken to improve the operation and efficiency of the foreign exchange allocation system, which will decrease in importance but remain through the Economic Rehabilitation Program period. Semi-annual reviews are being made of estimated foreign exchange supply and demand. Improvements are underway to provide a better match between donor assistance and the priority needs of the economy. Allocation of foreign exchange among sectors and potential users is to rest increasingly on measures of overall efficiency of the proposed users in terms of contribution to domestic value added. There will be a broadening of the range of products which can be imported without administrative allocation. While interim detailed allocation procedures will decrease in importance, Government will continue to maintain a degree of control over aggregate foreign exchange allocation to assure that importation of essential products continues while debt service obligations are met.

Government will, at the same time, maintain the existing "own use" import system where imports are allowed in, subject only to the automatic granting of license if value exceeds US$ 500, where such imports are for an individual's or enterprise's own use and financed from outside resources (i.e. no recourse to the banking system for foreign exchange is required). Permission for resale of specific imports is to be given provided the trader is registered to trade in these goods, and if such goods do not compete directly with domestic industry.

2.C. Export Policies

An Export Retention Scheme was introduced in 1984 and has since then been expanded to include, by the end of 1986, nearly 100 large producers that earn foreign exchange. In January, 1987 it was further broadened to include all exporters of non-traditional products. More recent revisions have attempted to reduce discrimination by narrowing the range of retention rates for participating exporters and thereby lessening the chance of tying up scarce foreign exchange in uneconomic uses. The average retention rate was reduced from 70% during 1984-86 to 50% in 1987. Also purchases and sales of "rights to import" using foreign exchange retained under the scheme are now allowed through the banking system, but only among participants in the scheme. Additional revisions to the retention scheme are inherent in the Economic Rehabilitation Program, including automatic eligibility of exporters, a further narrowing of the range of retention rates, and an easing of restrictions on transferability of retention proceeds.

2.D. Industrial Policies

The Economic Rehabilitation Program strategy for the industrial sector is far-reaching. It includes improved efficiency of resource use and increased autonomy and accountability of enterprises. Macroeconomic policies are intended to provide increasing incentive to bring about these adjustments, while in the interim corrections in administrative systems will start the reform process. Thus, foreign exchange allocation, in the interim until a market-clearing exchange rate takes its place, will be improved. There will be credit and budgetary transfer restrictions. Increasing autonomy in trading decisions of enterprises both in domestic and international transactions will shift responsibility to production entities and make them responsible for operating efficiency and reduction of operating losses. There will be a program of price decontrol. A Review of Enterprises will review 15 major agricultural enterprises and 25 industrial operations with the goal of identifying specific strategies for their restructuring (be that rehabilitation, divestiture or closure). This review will set the tone for the types of restructuring required in other enterprises.

The strategy of the Policy Framework Paper, 1988 - 1990 related to industry builds as much upon changing stimuli in other sectors as upon changes directly affecting industry. Thus, changes in the exchange rate, pricing subsidies, managerial autonomy, credit and foreign exchange allocation are seen as critical determinants of the health of industry. Liberalization of these economic determinants will help ensure that resources increasingly are directed at the most economically efficient enterprises and sectors. In addition, greater flexibility in industrial pricing will help introduce greater supply response. The number of product groups subject to fixed pricing legislation was reduced from 9 to 7 in January 1988, with further reductions planned in June, 1988 and by the end of 1988. In the case of products remaining under control, prices will be adjusted regularly to keep pace with exchange rate adjustments. Increasingly enterprises will be allowed to adjust prices subject only to ex post ministerial review.

2.E. Price Regulation

A central element of the Economic Rehabilitation Program has been progressive dismantling of rigid pricing and allocative controls. There will be retention of limited controls for products considered strategic for security, where an equitable regional distribution is necessary, where monopolistic power can be exercised, and in relation to implementation of grant and loan conditions.

Generally pricing policy will focus on increasing flexibility in price setting throughout the economy to restore the pricing mechanism as a means of allocating resources. The reduction in the number of products subject to fixed price controls will continue; in January, 1988 it was reduced from 37 to 32 and at least 4 additional items were to be decontrolled by June, 1988 and 3 more by the end of 1988. Eventually items still price controlled should be limited to fixed prices for a few staples, which will be adjusted regularly to reflect production and procurement cost changes (especially changes in the exchange rate).

There will be substantial increases in prices of those commodities in the nation's ration system that are highly subsidized. The goal is to eliminate the gap between actual economic production costs and consumer prices, since this has operated as a distortion to increased production and marketing while placing a heavy burden on the fiscal budget.

Related to these moves, Government will expand domestic and international trade which will expand competition at all stages of the distribution system. Enterprises have been given permission to trade with other enterprises directly, rather than as previously required only through wholesaling intermediaries. Final products subject to administrative allocation dropped from 43 to 30 at the end of 1987 and there will be further reductions in 1988. Goods remaining under direct allocation will be managed with highest priority going to providing sufficient allocation to displaced persons due to security and climatic conditions and to the rural areas.

2.F. Fiscal Policies

The strategy for fiscal policy under the Economic Rehabilitation Program during 1987 focused on strengthening the revenue base, rationalizing and limiting public expenditure, and restoring financial discipline to public enterprise operations. In January, 1987 the domestic tax code was revised to widen the base of domestic taxation, accelerate payments, [illegible] the income tax, simplify collections and increase revenue generation. The growth rate of current expenditure has been held lower than the growth rate of revenue. For capital expenditures a limit has been placed such that it can grow no faster than the level of net external financing. Public enterprise losses have been brought into the government budget for the first time while a limit has been placed on the amount of such losses and on the cost of public subsidy to consumers. There have been complex impacts on revenue and expenditure from devaluation and other relative price changes. However, during 1987 it was possible to bring about a limited reduction in the ratio of the overall deficit to total expenditures. The current government deficit as well as domestic bank financing of the overall deficit were constrained at nominal levels to an amount only slightly higher than in 1987, which means a considerable reduction in relation to other budgetary and economic aggregates.

During 1988 and later years of the Economic Rehabilitation program fiscal policy objectives will continue to focus on a strengthening of the public sector's financial position. This will include improvement of public savings performance and a corresponding reduction of that sector's recourse to domestic bank financing. The "crowding out" effect of budgetary financing on legitimate credit demand in the rest of the economy must be reduced if economic recovery and rehabilitation are to proceed and inflation is to be constrained. Specific fiscal measures to be undertaken include: improved buoyancy and efficiency of the revenue structure; restoration of financial discipline and profitability in public enterprises; constraints on the growth of current government expenditures; prioritization of government capital expenditures; and improved coordination and utilization of external assistance.

Revenue enhancement during 1988 focuses on initiating a customs tariff reform and on preparing a package of additional domestic tax measures to strengthen the domestic revenue system. An initial round of customs tariff reform will be prepared with the objective of substantial simplification of the rate structure of import duties, which will be implemented by the end of the year. While this is intended to be roughly revenue neutral, it should improve collections. In addition, other revenue recommendations of the IMF will be considered for possible adoption during 1989. These include application of the turnover tax to imports (inclusive of import duties) similar to its current application to domestic manufactures and revision of the turnover tax rate structure so that it impacts more heavily (10%) at the manufacturer/importer level than at the wholesale/retail level (5%). This latter adjustment would limit cascading and improve collections.

An important part of constricting current government expenditures involves restrained wage policy, severe limits on purchases, and reductions in budgetary subsidies. During 1988 a major effort is to be made to reduce consumer subsidies and prevent them becoming an uncontrollable structural burden on the budget. Prices of staples which are rationed and heavily subsidized in the two main cities will be increased in price several fold while the impact on effective purchasing power of lower income families is to be substantially offset by wage increases. A better "safety net" to protect the unemployed, refugees and other vulnerable groups will be put in place with the assistance of donor support. Wage increases during the remainder of the Economic Rehabilitation Program are to be limited to no more than the anticipated increase in the cost of living. Subsidies to public enterprises will likewise be reduced and action programs prepared to correct the financial imbalances in the public enterprises with the largest losses. Capital expenditures will remain heavily dependent on external loan and grant inflows, while priority in capital expenditure will go to completion of the most productive ongoing projects, rehabilitation and maintenance expenditures,and for projects providing rapid earnings or savings of foreign exchange with high rates of economic return.

These actions should improve the current budget position and bring about a steady reduction in domestic bank financing of the overall budget deficit. During 1988 the objective is to reduce bank financing of the deficit somewhat below the 1987 level of Mt. 20 billion, which would be a sharp reduction in real terms. The Government aims to achieve a current budget surplus by 1990.

2.G. Financial Sector Policies

During 1987 money and credit policies were focused on reducing excess liquidity and improving the efficiency of credit utilization. Interest rates were raised sharply in January, 1987 from a range of 0-6% for deposits and 3-10% for loans to 3-20% for deposits and 12-35% for loans. Commercial principles were brought into the evaluation of loan requests, within the overall credit ceilings. Improvements in financial analysis, accounting and management of financial institutions was initiated. During all of 1987 expansion of money and quasi-money was limited to an estimated 50%, which was slightly over target but much less than the increase in nominal GDP.

During 1988 financial sector policies will continue to encourage structural reforms of the financial sector while constraining bank credit expansion to levels consistent with the likely flow of financial savings through the banking system and with the balance of payments and other macroeconomic objectives. Credit policy will continue to be implemented through explicit ceilings on aggregate bank credit and on credit to Government. Plans for more indirect control of credit, including use of reserve requirements, will be formulated for adoption by the end of the Economic Rehabilitation Program.

The credit program for 1988 is based upon an increase in money and quasi-money of approximately 43%, with no significant change in net foreign assets. Within this expansion net credit to Government will be limited so that there will be a substantial reduction in real terms relative to 1987. Interest rate increases are focused on bringing about positive real interest rates by the end of the Economic Rehabilitation Program period. Substantial reforms are necessary in requiring government to pay interest on borrowed money and simplification of complicated loan structures and administration.

2.H. Other Policies

Agriculture is the key sector in the country and the Economic Rehabilitation Program includes policies to reform pricing and marketing policies to provide greater incentive to both producers and traders while stimulating more efficient production and distribution. Initial efforts to free up direct controls on production centered on fruits and vegetables; experience during 1987 indicated that while nominal prices increased under decontrol when prices were allowed to move to the parallel market level, in real terms prices were significantly lower. At the same time, private sector production improved significantly in response to improved financial incentives and the reduction in controls. It is recognized that as this and other agricultural markets are cut away from direct government controls there will be a need for international assistance to improve inputs, equipment and vehicles if the producers and markets are to respond positively to improved incentives.

Agricultural pricing will keep pace with other aspects of decontrol as the Government reduces the number of products subject to fixed pricing and allows those still under control to adjust prices to reflect increased input costs (including a pass-through of exchange rate adjustments). Parallel with decontrol will be efforts to improve access to credit, provide rehabilitation of producer and marketing infrastructure, and stimulation of private sector participation.

Integral to success in agriculture, industry and other sectors of the economy is improvement in the transportation sector. Bottlenecks must be eliminated in moving domestic agricultural products and in providing for long distance cargo transport. Transport tariffs are to be reviewed during 1988 to improve efficiency and reduce direct administrative controls. Public transport agencies will be pushed to operate on financial criteria while efforts will be mounted to encourage private participation in road transport. Continued rehabilitation of the major rail corridors should begin to generate higher foreign exchange earnings from transit services and improved domestic trade.

VII-B

World Bank Development Indicators Tables:

MOZAMBIQUE

Data not Available

SOCIAL INDICATORS FOR MOZAMBIQUE
Based Upon World Bank Data

TITLE	UNIT	1970	1971	1972	1973	1974	1975
LAND							
Total land area	SQ KILOM.	802	802	802	802	802	802
Total agricultural land	SQ KILOM.	470	470	470	471	471	471
Arable land	SQ KILOM.	28	28	28	29	29	29
Pasture land	SQ KILOM.	441	440	440	440	440	440
POPULATION							
Total population, (interp series)	NUMBER	9,39[illegible],001	9,621,001	9,859,001	10,102,001	10,351,001	10,606,001
Population, female	NUMBER	4,787,711	4,904,123	5,023,358	5,145,465	5,270,543	5,398,852
Population, male	NUMBER	4,601,991	4,717,179	4,835,244	4,956,237	5,080,259	5,207,250
Population, age 0-14	NUMBER	4,018,362	4,133,014	4,250,825	4,371,860	4,496,232	4,624,047
Population, age 15-64	NUMBER	5,066,469	5,174,605	5,285,037	5,397,793	5,512,953	5,630,601
Population, age 65+	NUMBER	304,872	313,683	322,741	332,049	341,617	351,455
Urban population total	NUMBER	535,213	595,434	662,419	736,959	819,875	912,125
Urban population as % total	PERCENT	6	6	7	7	8	9
Agriculture population density	NUMBER	19,975	20,466	20,964	21,457	21,986	22,528
DEMOGRAPHIC CHARACTERISTICS							
Crude birth rate, (interp series)	NUMBER	49	47	47	47	47	47
Crude death rate (interp series)	NUMBER	24	23	22	22	22	22
Infant mort rate, age 0-1 (interp series)	NUMBER	169	168	168	167	167	166
Child mort rate, age 1-4 (interp series)	NUMBER	28	0	[illegible]	0	0	0
Life expectancy, total	NUMBER	40	40	41	41	42	42
Life expectancy, males (interp series)	NUMBER	39	40	40	41	41	41
Life expectancy, female	NUMBER	42	43	43	43	44	44
Total fertility rate (interp series)	NUMBER	7	7	7	7	7	7
HEALTH AND NUTRITION							
Number of physicians	NUMBER	498	0	[illegible]	0	0	0
Population per physician	NUMBER	19	0	0	0	0	0
Number of nurses	NUMBER	0	2,244	0	0	0	0
Population per nurse	NUMBER	0	4	0	0	0	0
Number of hospital beds	NUMBER	11,041	0	0	[illegible]	0	[illegible]
Pop per hospital bed	NUMBER	1	0	0	0	0	0
Daily calorie intake	NUMBER	2,068	2,017	1,955	1,981	1,957	1,908
Daily calorie requirement	NUMBER	0	0	0	0	0	0
Daily protein supply (gms)	NUMBER	39	38	36	37	36	35
Safe water access as % of population	PERCENT	[illegible]	0	0	0	0	10
Safe water, rural	PERCENT	0	0	0	0	0	2
Safe water, urban	PERCENT	0	0	[illegible]	0	0	32
EDUCATION							
Gross enrollment ratio	PERCENT	47	0	0	0	0	0
Gross enrollment ratio, male	PERCENT	0	0	0	0	0	0
Gross enrollment ratio, female	PERCENT	0	0	0	0	0	0
Illiterate population as % pop age 15+	PERCENT	0	0	0	0	0	0
EMPLOYMENT							
Labor force size	NUMBER	4,742,001	4,900,001	5,058,001	5,216,001	5,374,001	5,532,001
Labor participation rate	PERCENT	53	0	0	0	0	57
Male labor participation rate	PERCENT	59	0	0	0	0	58
Female labor participation rate	PERCENT	57	0	0	0	0	56
Female labor force as % total labor force	PERCENT	50	50	50	50	50	50
Labor in agriculture as % total	PERCENT	86	86	85	86	86	86
Labor in industry	PERCENT	6	6	6	7	7	7
Labor in services	PERCENT	7	8	8	8	8	8

SOCIAL INDICATORS FOR MOZAMBIQUE
Based Upon World Bank Data

TITLE	1976	1977	1978	1979	1980	1981	1982
LAND							
Total land area	802	802	802	802	802	802	802
Total agricultural land	471	471	471	471	471	471	471
Arable land	29	29	29	29	29	29	29
Pasture land	440	440	440	440	440	440	440
POPULATION							
Total population, (interp series)	10,890,001	11,181,001	11,478,001	11,788,001	12,103,001	12,423,001	12,752,001
Population, female	5,541,172	5,597,293	5,837,288	5,991,246	6,209,498	6,372,649	6,540,418
Population, male	5,348,870	5,494,119	5,647,714	5,755,556	5,893,504	6,048,353	6,217,584
Population, age 0-14	4,779,411	4,939,094	5,103,242	5,271,957	5,444,374	5,615,799	5,793,182
Population, age 15-64	5,760,136	5,892,911	6,029,074	6,189,723	6,312,468	6,449,270	6,589,848
Population, age 65+	350,455	349,398	348,286	347,122	346,160	355,933	365,971
Urban population total	1,020,332	1,141,367	1,276,758	1,425,209	1,597,597	1,569,707	1,542,383
Urban population as % total	10	10	11	12	13	0	0
Agriculture population density	23,131	23,745	24,380	25,335	25,707	26,387	27,086
DEMOGRAPHIC CHARACTERISTICS							
Crude birth rate, (interp series)	47	47	47	46	46	46	45
Crude death rate (interp series)	21	21	20	20	20	19	19
Infant mort rate, age 0-1 (interp series)	166	165	162	160	158	155	153
Child mort rate, age 1-4 (interp series)	0	0	0	0	0	0	21
Life expectancy, total	43	43	44	44	45	45	46
Life expectancy, males (interp series)	42	42	42	43	43	44	44
Life expectancy, female	45	45	45	46	46	47	47
Total fertility rate (interp series)	7	7	7	6	6	6	6
HEALTH AND NUTRITION							
Number of physicians	0	0	0	0	0	336	0
Population per physician	0	0	0	0	39	0	0
Nurse	0	0	0	0	0	2,214	0
Population per nurse	0	0	0	0	5	0	0
Number of hospital beds	0	0	0	0	13,180	0	0
Pop per hospital bed	0	0	0	0	1	0	0
Daily calorie intake	1,949	1,899	1,830	1,822	1,813	1,778	1,733
Daily calorie requirement	0	2,340	0	0	0	0	0
Daily protein supply (gms)	36	34	32	31	32	31	30
Safe water access as % of population	0	0	0	0	9	0	0
Safe water, rural	0	0	0	0	2	0	0
Safe water, urban	0	0	0	0	82	0	0
EDUCATION							
Gross enrollment ratio	87	100	102	104	75	71	92
Gross enrollment ratio, male	104	117	119	120	87	81	104
Gross enrollment ratio, female	70	82	94	87	64	61	79
Illiterate population as % pop age 15+	0	0	0	0	67	0	0
EMPLOYMENT							
Labor force size	5,806,401	6,080,801	6,355,201	6,629,601	6,904,001	0	0
Labor participation rate	0	0	0	0	57	0	0
Male labor participation rate	0	0	0	0	58	0	0
Female labor participation rate	0	0	0	0	56	0	0
Female labor force as % total labor force	50	50	50	50	50	50	49
Labor in agriculture as % total	85	85	85	85	85	0	0
Labor in industry	7	7	7	7	7	0	0

SOCIAL INDICATORS FOR MOZAMBIQUE
Based Upon World Bank Data

TITLE	1983	1984	1985	1986
LAND				
Total land area	902	902	902	0
Total agricultural land	471	471	0	0
Arable land	29	29	0	0
Pasture land	440	440	0	0
POPULATION				
Total population, (interp series)	13,089,001	13,436,001	13,791,001	14,156,001
Population, female	6,712,291	6,893,399	7,047,602	0
Population, male	[illegible]	6,542,603	6,743,400	0
Population, age 0-14	5,976,161	6,169,415	6,366,264	0
Population, age 15-64	[illegible]	6,879,544	7,026,964	0
Population, age 65+	376,245	387,042	[illegible]	0
urban population total	1,515,457	1,490,033	1,464,231	0
Urban population as % total	0	0	19	0
Agriculture population density	27,802	28,579	0	0
DEMOGRAPHIC CHARACTERISTICS				
Crude birth rate, (interp series)	45	45	45	0
Crude death rate (interp series)	0	0	19	0
Infant mort rate, age 0-1 (interp series)	147	123	123	0
Child mort rate, age 1-4 (interp series)	0	22	22	0
Life expectancy, total	46	47	47	0
Life expectancy, males (interp series)	0	0	45	0
Life expectancy, female	0	0	49	0
Total fertility rate (interp series)	6	6	6	0
HEALTH AND NUTRITION				
Number of physicians	0	0	[illegible]	0
Population per physician	[illegible]	0	0	[illegible]
Number of nurses	0	0	0	0
Population per nurse	0	0	0	0
Number of hospital beds	0	0	0	0
Pop per hospital bed	0	0	0	0
Daily calorie intake	1,699	1,678	1,617	0
Daily calorie requirement	0	0	0	0
Daily protein supply (gms)	30	30	26	0
Safe water access as % of population	0	0	0	0
Safe water, rural	0	0	0	0
Safe water, urban	0	0	0	0
EDUCATION				
Gross enrollment ratio	83	0	84	0
Gross enrollment ratio, male	94	0	94	0
Gross enrollment ratio, female	71	0	74	0
Illiterate population as % pop age 15+	0	0	0	0
EMPLOYMENT				
Labor force size	0	0	0	7,824,401
Labor participation rate	0	0	0	0
Male labor participation rate	0	0	0	0
Female labor participation rate	0	0	0	0
Female labor force as % total labor force	49	49	49	48
Labor in agriculture as % total	0	0	0	0
Labor in industry	0	0	0	0
Labor in services	0	0	0	0

TANZANIA:

ECONOMIC POLICY PROFILE

1. LIBERALIZATION STRATEGY OVERVIEW (1)

Tanzania's socialist approach to development was laid out in the 1966 Arusha declaration. This remained the organizing principle at least until the early to mid-1980s. During the late 1960s and 1970s large scale industry, commerce and finance were nationalized and farmers' cooperatives were replaced by government authorities responsible for collection, processing, and marketing of all major export crops. National plans stipulated investment goals and production targets, fixed commodity prices and generally supplanted market forces. Import substitution proceeded to span industrial development across a broad range of sectors including heavy industrial capacity.

In its early stages this approach to development appeared to be successful. Between 1966 and 1973 gross investment rose to approximately 20% of GDP while GDP grew at 4.4% per year. Much of this growth was in social services and administration; physical output grew much more slowly and agricultural output increased by only 2.3% per year in real terms. Industry expanded its capacity at a rapid rate but output rose little relative to the growth in investment as a major part of production came in the form of inefficient import substitution operations.

The last part of the 1970s witnessed what appeared to be continued prosperity, although increasing signs of structural weaknesses appeared. The rate of real GDP growth was 5.5% per year from 1973 to 1978, based almost completely on a rapid rise in commodity prices which led to higher values for Tanzania's exports (principally coffee and cotton). This is shown by a 38% improvement in the terms of trade from 1972 to 1977; during the same period the volume of exports remained fixed and production of goods for the home market likewise did not increase.

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(1) The discussion in this paper is based upon analysis and documents of the Government of Tanzania, the World Bank, the International Monetary Fund and U.S. A.I.D., as well as discussions with officials in Tanzania. It is intended to provide an overview of issues and progress concerning economic management of Tanzania's economy and to assist U.S. A.I.D. in considering a five year development strategy for Southern Africa.

Government fiscal and monetary policy fueled the prosperity, but also established conditions contributing to a subsequent collapse of growth. Expenditures outstripped tax revenues, leading to fiscal deficits and a rising national debt. The money supply tripled from 1973 to 1978 and inflation rose be an even higher proportion. There was a rapid rise in imports which far outpaced growth of exports. This led to a large trade deficit which grew in spite of quantitative restrictions on imports introduced in 1975. The trade deficit brought about a deteriorating foreign exchange reserve position and worsening balance of payments problem. There was increased dependence on foreign borrowing and donor assistance. Thus by the end of 1978 the economy was vulnerable to external shocks.

The period after 1978 witnessed serious deterioration of the Tanzanian economy. Real GDP remained unchanged from 1979 to 1985 while population growth brought about a drop in per capita real GDP by 12%. Output of industry and export-oriented agriculture declined and the subsistence sector gained in relative importance. A serious deterioration in the terms of trade occurred due to the second oil shock in 1979 and a subsequent collapse of commodity prices. During the period 1979 through 1981 there was a severe drop in the terms of trade so that it stood 15% below its 1972 level. Other adverse shocks came from severe drought in the late 1970s and a 1978-79 military conflict with Uganda.

The 1979 recession seriously affected government revenues while fiscal expenditures rose rapidly. This exacerbated the fiscal deficit and recourse to central bank borrowing, leading to sharp price increases from excessive aggregate demand for available supplies. In response, Government devalued by 10% in 1979 but this was inadequate in the face of the structural imbalances in the economy. Resort to quantitative restrictions on imports increased and was successively made more complex in efforts to ration scarce foreign exchange and assure that priority sectors received adequate imports. Ceilings on nominal interest rates led to a similar excess demand for credit and efforts to ration available funds. With an overvalued exchange rate and a negative interest rate, those enterprises favored by the allocation system were subsidized and others penalized, all in an environment of administrative decision-making rather than market forces. In the process, these administrative efforts to direct the economy hurt export-oriented agriculture and food production fell, leading to a food crisis.

There was an aborted IMF Standby Facility negotiated in September, 1980 which Tanzania did not comply with in curtailing public expenditures, reducing the money supply and devaluing the currency. Foreign aid levels meanwhile were rising in relative importance. After rising during the 1970s, donor assistance dropped from 1980 to 1983. At the same time, official aid as a percent of GDP which was 4.4% in 1970 rose to 13.7% by 1980, thus making any decrease in aid serious for the economy.

Initial efforts to reform the economy came in 1980 and 1981 as economic "survival plans." The 1981 National Economic Survival Programme (NESP) had as its main objectives:

1. an aggressive export drive in order to increase substantially foreign exchange earnings;
2. judicious use of available foreign exchange so as to enhance earning capacity as well as save on imports;
3. the elimination of food shortage through in-expensive small-scale village irrigation projects as well as the cultivation of drought-resistant food crops;
4. strict control of public spending in both Government and parastatals;
5. development plans should emphasize consolidation in contrast to expansion of new activities:
6. expansion of the scope and capacity for self-reliance in all sectors of the economy and raising the productivity of the workers and farmers through appropriate incentive schemes.

This was followed almost immediately by a three year Structural Adjustment Programme (SAP) for 1982/83 through 1984/85 announced in June, 1982. The intention was to restore balance in the economy and rationalize use of resources through domestic efforts and external assistance. The main objectives of the new effort at adjustment were to:

1. reduce the rate of inflation through adjusting the government budget to levels that are consistent with the growth of the national economy;
2. achieve balance of payments adjustment so as to alleviate the existing extreme foreign exchange scarcity and the consequent domestic production capacity underutilization;
3. achieve an increase in the productivity of parastatal enterprises and improvement in public sector management;

4. maintain the already achieved equity in income distribution as well as the provision of social services and basic needs to the majority of the population.

The SAP which started in 1983/84 undertook some bold moves towards reform. The currency was devalued by 40%. Producer prices were increased on average 50% and the grain purchasing monopoly of the National Milling Corporation was terminated. Crop authorities, which handled products from farm gate to export sale, were dissolved with cooperatives and export to marketing boards introduced. To attack the budget deficits subsidies were reduced and controlled prices on many agricultural inputs and consumer goods were raised. Government undertook cuts in size and froze hiring. To encourage exports and ease the foreign exchange shortage, export enterprises were allowed to retain a part of their foreign exchange earnings to use for approved import commodities. Also enterprises were allowed to import using their own funds, with the intent of indirectly repatriating funds held abroad.

By 1984/85 this reform effort was also stalled. The incentives to exporters of the one-time devaluation and increased producer prices were eliminated by continuing inflation. The Government was unwilling to proceed with other structural reforms and those introduced had been insufficient to stimulate major economic recovery and to stop the deterioration of the balance of payments.

Thus, after several years of initial efforts at economic reform the Tanzanian economy still faced serious problems. There had been a continuous decline in output and export earnings, leading to a reduction in the domestic saving rate and rapid fall in import volumes. With the fall in imports, shortages of inputs and consumer goods led to further decreases in production and a deterioration in the capital stock. There were high rates of inflation, large balance of payments deficits, increasing debt and accumulation of external payments arrears.

The latest and current effort at economic reform is the Government's Economic Recovery Program announced in the 1986/87 budget and presented to the Consultative Group meeting in June, 1986. A three year program covering the 1986/87 through 1988/89 budget years, it has as medium-term objectives to achieve a positive growth rate in per capita income and a low rate of inflation, while restoring a sustainable external balance of payments position. To achieve these objectives the following strategies were announced in June, 1986:

1. to increase the output of food and export crops through appropriate incentives for production, improving marketing structures, and increasing the resources available to agriculture;
2. to increase foreign exchange earnings from exports. The objective is to increase exports earnings by 11.6% in 1987, 19% in 1988 and 19% in 1989 from US$400 million expected in 1986;
3. to rehabilitate the important physical infrastructures of the country such as transport and communications, energy and water in support of the directly productive activities;
4. to increase capacity utilization of the existing industries and restore the sector's contribution to GDP through the allocation of foreign exchange to priority industries with capacity for increased efficiency and productivity. The target is to increase the level of capacity utilization from between 20 to 30% to a level of 60 to 70% by the end of the recovery program.

An initial set of reform measures was announced at the time of the 1986/87 Budget. These included an exchange rate adjustment from Tanzania shillings 17 to the U.S. dollar in mid-April 1986 to T Sh. 40 in June, 1986, with subsequent adjustments in the rate to be made gradually so that an equilibrium rate would be reached by mid-1988. Interest rates were increased, with the 12-month savings deposit rate rising 5 percentage points to a rate of 15%, the objective being to achieve a positive real interest rate by mid-1988. Nominal producer prices for agricultural exports were increased ranging from 30 to 80%. There was a start at decontrol of domestic prices (except for 12 identified categories of commodities) with one third decontrolled in July, 1986. Restrained fiscal and monetary policies were adopted while institutional and policy reforms sought to improve the efficiency of the agricultural, industrial and transport sectors. In support of these reforms the IMF approved an 18 month Stand-by arrangement on August 28, 1986 and the World Bank approved a Multisector Rehabilitation Credit on November 20, 1986. Other donors also contributed to supporting the reform efforts.

The medium-term strategies and policies of the Government under the Economic Recovery Program are spelled out in the Policy Framework Paper for 1987-90. Coming after 1 year of policy changes under the ERP, the Paper identifies the additional changes necessary, in Government's view, to achieve a sustainable rate of growth under conditions of external and internal balance. The principal structural adjustment measures the Government proposed to take during 1987-90 were:

1. the allocation of foreign exchange on a priority basis to the most efficient enterprises to ensure increases in industrial capacity utilization and widespread improvements in the efficiency of industrial production;

2. reductions in the cost and improvements in the responsiveness of the agricultural marketing system;
3. reduction in the budget deficit and improvements in the structure of revenue and expenditure, aimed in particular at increasing resources for the maintenance and rehabilitation of existing capital assets;
4. increased flexibility and improved efficiency in the financial system;
5. greater reliance on correct price signals.

To achieve these goals the Government is committed in the Policy Framework Paper to reinforce the policy and institutional reforms started during 1986/87 over the 3 year period 1987/88 to 1989/90. During this multi-year period the following accomplishments are to be achieved:

1. an average rate of economic growth of at least 4% r year, leading to a positive growth in per capita income of approximately 1% per year;
2. a reduction in the domestic rate of inflation from about 30% in 1986/87 to below 10%in 1989/90;
3. a reduction in the current account deficit (excluding government transfers) from 176% of merchandise exports in 1986/87 to 122% in 1989/90, leading to a restoration of a sustainable balance of payments position by the early 1990s.

This general description of the economic reform package being undertaken by Tanzania is supplemented below by a description of its major components. Tanzania has undertaken a comprehensive structural reform package which, if sustained, will correct many of the distortions in the economy and lead to a more sustainable basis for continuing growth. Coming after two decades of heavy direct government involvement in all segments of the economy, it requires a virtual revolution in the organization of the economy, its management, and the incentive structure allocating resources and motivating people's economic activities. The risks are high and it is not a foregone conclusion that the Government will maintain its political will to see the reforms through to the point when the economy should respond with sustainable growth.

What must be remembered in the face of these bold reform undertakings is how far the economy must go before it can function more efficiently. Further, it must be recognized that there is serious ideological and political opposition still in place to the types of reforms being undertaken and the type of more market-oriented economy which should result. There are numerous ways for the reform process to get off-track and either be delayed or reversed completely. In a real sense the easiest if boldest decisions have been made; what remains requires a long process of re-educating and convincing many middle level bureaucrats and managers that direct administrative intervention and command control of the economy, a two decade fixture of the Tanzanian economy, must be replaced by indirect control through prices and market signals.

Another dimension of the problem relates to rehabilitation. The economy's capital stock has deteriorated severely, both in the public and private sectors. Some initial increases in production are possible with existing capital stock, but over the medium term massive investment is required to bring productive capacity to a point where it can be competitive. The same must be said of human capital, which must be made more efficient and productive.

It would appear that another five years at a minimum would be required to move the economy to an acceptable level of sustainable growth. This would require perseverance by the Government in continuing its reform efforts and continued and even increased assistance from donors.

2. KEY POLICY ELEMENTS

2.A. Exchange Rate Management

Essential to continued structural reform will be an active exchange rate policy linked to reform of the exchange and trade regime. The current exchange rate adjustments started in April, 1986. Achieving an equilibrium rate would be consistent over the 3 years of the Policy Framework Paper to achieve the target rate of economic growth and a current account position which can be financed without undue restrictions on current account transactions and related payments. As the exchange rate is moved toward equilibrium, the Government will start removing existing trade and exchange restrictions, relying increasingly on tariffs and other indirect economic levers to influence developments in the balance of payments.

2.B. Import Administration

As the exchange rate is adjusted towards a more realistic scarcity-based price for foreign exchange, the Government is committed to increase the proportion of imports free of exchange and trade restrictions. Starting January 1, 1988 Government planned to issue import licenses and foreign exchange "on demand" for selected commodity imports, then gradually broadening the coverage so as to include all industries and categories of goods consistent with the Economic Recovery Program by 1989/90. The Government carried out a study of the tariff system, with the assistance of the World Bank, which will be used to consider modifications in the tariff structure. Such changes in tariffs would be implemented in the 1988/89 fiscal year, attempting to maintain revenue neutrality across the changes made.

2.C. Export Policies

The Government plans to review periodically the export retention scheme and "own exchange" import scheme in light of other changes being made in the exchange rate and the import licensing system. An increasing proportion of imports are entering the country through these two schemes, thus making them major sources of supply for spare parts, intermediate goods, and consumer goods in the case of the "own exchange" scheme. The export retention scheme was revised in September, 1986 to encourage more optimal use of retained proceeds. The Policy Framework Paper reported that Government had made yet another review in August, 1987 and implemented new modifications regarding easier access to foreign exchange, a narrowing of retention rates, and a rationalization of the import and export lists and pattern of utilization. The Seed Capital Fund for new exporters supplements the retention scheme by assisting producers in obtaining initial imported inputs to start exporting. It further has its own retention provision, making the set of export incentives potentially overlapping and complex.

2.D. Industrial Policies

The industrial sector has severe problems which must be addressed. These include high import dependence, inadequate infrastructure, low capacity utilization, shortages of skilled manpower, and the existence of a large number of inefficient operations. On a selective basis sectors will have to be rehabilitated through access to raw materials, spare parts, and infrastructure. Productive enterprises will have to be selected and nurtured. Changes in the exchange rate, trade regime, and pricing measures will assist in this selection process. Also the Government and the World Bank were to undertake studies during 1987 to identify and map out an action program of restructuring and rationalizing the industrial sector. It was intended that such studies would be completed during 1988. When implemented, such a strategy should free up resources for use by the more efficient firms so that their output could expand rapidly and at low cost through better use of existing idle capacity. Combined with a public investment program which is to improve infrastructure serving production, there should be a rapid improvement in output and efficiency of the sectors selected for rehabilitation.

2.E. Price Regulation

Under the reform programs prior to and including the Economic Recovery Program, there has been a significant reduction in the number of products subject to price controls. This trend of decontrol is to continue. Except for a maximum of 12 categories of commodities considered essential consumer items, which comprise about 15% of the consumer price index, the Government has made a commitment to decontrol remaining commodities before the end of the fiscal year 1988/89. Some two-thirds of these products were decontrolled at the beginning of 1986/87 and 1987/88, with the remainder scheduled to be decontrolled at the beginning of the 1988/89 fiscal year. Efforts will be made during the period of decontrol to make rapid adjustments in controlled prices to avoid cost-price imbalances and growing subsidies. A related commitment is to reduce domestic distribution controls of commodities as their prices are decontrolled.

2.F. Fiscal Policies

During the 3 years of the Economic Recovery Program the Government is committed to annual overall deficits (with foreign grants treated as financing) of no more than 13% of GDP. This will assure large reductions in the need for domestic bank financing of Government debt, freeing up credit for productive sectors and reducing the rate of monetary expansion. Reliance on external borrowing will be constrained so that the external debt service ratio can be kept manageable. This will require improved tax administration and tight expenditure control.

The Government undertook significant measures during 1986/87 to increase revenue and improve the efficiency of the tax system. This included a conversion of most remaining specific sales taxes to an ad valorem basis, a reduction in the high marginal tax rates on personal income, and increases in local sales tax rates. These, combined with efforts to improve tax collection and administration, set a base for improved tax revenues. Such efforts will continue during the remainder of the Economic Recovery Program period.

In the 1986/87 budget there was a freeze on employment in the civil service except for teachers and medical personnel. Also the Government maintained its policy of no budget subsidies for parastatals. Paramount in expenditure control will be control of the wage bill to assure that it grows slower than the rate of inflation. In addition to the freeze on civil service hiring, there will be a need to rationalize the bureaucracy and retrench in appropriate places. A Presidential Salaries Commission has reviewed public sector salaries and will seek to maintain incentives among staffs of Central Government, local governments, and parastatals. The 1987/88 budget specified a real reduction in the wage bill and cuts in most other areas of discretionary recurrent expenditure. Improved management and control of the budgeting process and movement to a medium-term strategy for public expenditure will also be undertaken to help control expenditures and assure prioritization of public service provision.

Public infrastructure, especially roads, are in severe disrepair. Their rehabilitation will require a move away from new public capital investments to maintenance and rehabilitation of the existing capital stock. Without improvement of public infrastructure, production faces excessive costs related to use of public services and facilities, thus constraining increased efficiency in production. Therefore development expenditure will be confined to ongoing projects and rehabilitation, with new projects started only if absolutely essential for economic recovery.

Public enterprises play a large role in the Tanzanian economy. The Government's main objectives for these public producers will be to accelerate the restructuring process started in 1984/85 and to improve management and operations so that there will be adequate return on investment. Some agricultural parastatals have already been reorganized and rationalized. A detailed review of the parastatal sector will propose which public enterprises should be rehabilitated and an action plan will be prepared with a schedule for implementing policy and institutional changes.

2.G. Financial Sector Policies

The objectives in formulating a monetary and credit policy are to strengthen the balance of payments and reduce the inflation rate. As the fiscal deficit is reduced as a proportion of GDP, credit will increasingly become available for the productive sectors of the economy. Control will be tightened by use of quarterly domestic credit and government credit expansion targets. The interest rate was scheduled to be made positive in real terms by the middle of 1988, thereby reducing the need for credit allocation. By July, 1987 the one-year deposit rate had reached 80% of the inflation rate and continued progress towards positive real rates is inherent in the Economic Recovery Program.

2.H. Other Policies

Agricultural reform is key to improving the economic growth rate in Tanzania. Parastatal reforms will have a large impact on production and marketing. Progress is also needed to enhance the institutional structure for processing and marketing Tanzania's export crops as improvements in agricultural production move forward. Without such companion improvements, export earnings will not keep pace with balance of payments projections. Some progress has begun relative to export crops. The responsibilities of what were formerly crop authorities have been assigned to newly constituted or created cooperatives and marketing boards. Private tea and sisal estates are now allowed to market directly instead of through marketing boards. Starting in 1987/88 cooperative unions and other large producers will be allowed to export directly rather than through agents. Further improvements in the roles of cooperatives and other private institutions related to agriculture will be made as the prominence of marketing boards is limited further. Action programs to stimulate production, marketing and export of cotton, coffee, tobacco and other crops will be completed by mid-1988, with implementation scheduled to start during the Economic Recovery Program period.

In addition to more efficient marketing institutions, the provision of adequate price incentives is necessary to increase agricultural production and exports. Over the life of the Economic Recovery Program the Government has made a commitment to increase official producer prices for export crops to a level equivalent to 60-70% of export prices (f.o.b.) or to ensure a real increase of at least 5% annually over the medium term, which ever is higher. Also Government will allow greater price differentials to reflect quality, thus encouraging production of higher grades of crops. Reduced administrative allocation of agricultural inputs was boosted by decontrol of the importation and distribution of all agricultural inputs other than fertilizers and seeds effective March, 1987.

DEVELOPMENT INDICATORS FOR TANZANIA
Based Upon World Bank Data
(Values in Millions)

TITLE	UNIT	1970	1971	1972	1973
NATIONAL INCOME					
Current prices General Government Consumption	Local currency	961.0	1,138.0	1,464.0	1,908.0
Current prices Private Consumption, etc.	Local currency	6,312.0	6,546.0	7,729.0	9,237.0
Current prices Domestic Absorption	Local currency	9,360.0	10,275.0	11,571.0	12,905.0
Current prices Exports of Goods & NF Services	Local currency	2,392.0	2,669.0	2,999.0	3,103.0
Current prices GDP at Factor Cost	Local currency	8,215.0	8,857.0	10,032.0	11,490.0
Current prices Gross Domestic Product	Local currency	9,173.0	9,814.0	11,172.0	13,103.0
Current prices Gross Domestic Savings	Local currency	1,55[illegible]	2,130.0	2,039.0	1,958.0
Current prices Gross National Product	Local currency	9,148.0	9,794.0	11,162.0	13,112.0
Current prices Gross National Savings	Local currency	1,946.4	2,151.6	1,999.5	2,001.3
Current prices Imports of Goods & NF Services	Local currency	2,579.0	3,130.0	3,398.0	3,905.0
Current prices Fixed Investment	Local currency	1,978.0	2,373.0	2,364.0	2,600.0
Current prices Gross Domestic Investment	Local currency	[illegible]	2,591.0	2,438.0	2,750.0
Current prices Net Factor Income (+) or Payments	Local currency	(25.0)	(20.0)	(10.0)	9.0
Current prices Indirect Taxes Net of Subsidies	Local currency	958.0	957.0	1,140.0	1,613.0
Current prices Resource Balance	Local currency	(187.0)	(461.0)	(399.0)	[illegible]
Current prices Value Added in Agriculture	Local currency	3,381.0	3,492.0	4,020.0	4,539.0
Current prices Value Added in Industry	Local currency	1,421.0	1,562.0	1,904.0	2,109.0
Current prices Value Added in Manufacturing	Local currency	823.0	947.0	1,144.0	1,250.0
Current prices Value Added in Services, etc.	Local currency	3,413.0	3,517.0	4,209.0	4,842.0
GOVERNMENT					
GOVERNMENT DEFICIT (-) OR SURPLUS	Local currency	0.0	0.0	(554.0)	(745.0)
Government Capital Payments	Local currency	0.0	0.0	751.0	952.0
Government Current Budget Balance	Local currency	0.0	0.0	197.0	207.0
Government Current Expenditure	Local currency	0.0	0.0	1,596.0	2,087.0
Government Current Revenue	Local currency	0.0	0.0	1,793.0	2,294.0
MONEY					
Money Supply, Broadly Defined	Local currency	2,219.5	2,624.4	3,089.2	3,624.6
Money as Means of Payment	Local currency	1,679.0	2,058.5	[illegible]	2,749.[illegible]
Quasi-Monetary Liabilities	Local currency	540.5	565.9	762.4	876.6
Currency Outside Banks	Local currency	818.4	[illegible]	[illegible]	[illegible]
Demand Deposits	Local currency	860.6	1,072.1	1,125.7	1,549.4
TRADE					
Current prices Exports of Manufactures	US $	31.8	44.9	37.6	51.4
Current prices Exports of Nonfuel Primary Products	US $	190.7	184.4	231.7	255.6
Current prices Value of Exports	US $	228.3	251.9	300.1	340.6
Current prices Imports of Fuels	US $	27.2	30.1	34.0	48.3
Current prices Imports of Manufactures	US $	222.9	[illegible]	282.4	351.7
Current prices Imports of Nonfuel Primary Products	US $	24.4	30.7	47.0	47.7
Current prices Value of Imports, cif	US $	271.5	337.9	363.4	447.4
LOANS AND DEBT					
Long-Term Interest Payments	US $, as per IBRD DRS	7.5	7.8	6.0	10.9
Disbursements of Long-Term Loans	US $, as per IBRD DRS	58.2	63.2	119.7	120.5
Net Long-Term Loans	US $, as per IBRD DRS	45.3	45.8	73.0	88.2
Repayments on Long-Term Loans	US $, as per IBRD DRS	12.9	14.4	46.7	32.3
Identified Short-Term Debt	US $, end of year	0.0	0.0	0.0	0.0
Public/Publicly Guar. Long-Term Debt	US $, IBRD DRS - end of y	250.3	306.7	371.9	464.2
Public Long Term Debt, IBRD & IDA	US $, IBRD DRS - end of y	38.3	52.6	73.1	90.5
Public Long Term Debt, Official Creditors	US $, IBRD DRS - end of y	147.3	192.2	275.8	385.5
Public Long Term Debt, Private Creditors	US $, IBRD DRS - end of y	103.0	114.5	96.0	78.7
BALANCE OF PAYMENTS					
Net Current Transfers	US $, BoP	12.8	5.8	(4.1)	4.9
Merchandise Exports, fob	US $, BoP	245.9	252.0	316.2	363.6
Exports of Goods & Services	US $, BoP	321.8	349.6	411.7	455.8
Non-Factor Services Receipts	US $, BoP	65.2	78.0	85.4	72.1
Factor Service Receipts	US $, BoP	10.7	9.6	10.1	20.0

DEVELOPMENT INDICATORS FOR TANZANIA
Based Upon World Bank Data
(Values in Millions)

TITLE	1974	1975	1976	1977	1978	1979	1980
NATIONAL INCOME							
Current prices General Government Consumption	2,760.0	3,276.0	3,989.0	4,308.0	5,585.0	5,956.0	5,494.0
Current prices Private Consumption, etc.	12,055.0	14,096.0	15,377.0	17,979.0	23,363.0	25,497.0	32,486.0
Current prices Domestic Absorption	18,331.0	21,376.0	24,963.0	29,811.0	37,042.0	40,911.0	47,665.0
Current prices Exports of Goods & NF Services	3,468.0	3,771.0	5,297.0	5,627.0	4,692.0	5,131.0	5,540.0
Current prices GDP at Factor Cost	14,010.0	16,988.0	21.652.0	25,698.0	28,582.0	32,317.0	37,454.0
Current prices Gross Domestic Product	15,994.0	19,011.0	24,419.0	28,858.0	32,169.0	36,283.0	42,118.0
Current prices Gross Domestic Savings	1,179.0	1.679.0	5,053.0	6.581.0	3,221.0	4,830.0	4,128.0
Current prices Gross National Product	15,996.0	18,986.0	24,319.0	28,783.0	32,124.0	36,214.0	42,006.0
Current prices Gross National Savings	1,532.0	2,368.0	5,416.3	7.455.0	4,448.6	6,208.0	4,497.7
Current prices Imports of Goods & NF Services	5,875.0	[illegible]	5,941.0	[illegible]	9,565.0	9,759.0	11,087.0
Current prices Fixed Investment	3,032.0	3,540.0	5,159.0	6.663.0	7,330.0	8,592.0	8.630.0
Current prices Gross Domestic Investment	3,516.0	4,004.0	5,597.0	7,524.0	8,094.0	9,456.0	9,685.0
Current prices Net Factor Income (+) or Payments	2.0	(25.0)	(106.0)	(88.0)	(45.0)	(69.0)	(112.0)
Current prices Indirect Taxes Net of Subsidies	1,984.0	2,020.0	2,767.0	3,170.0	3,587.0	3,966.0	4,664.0
Current prices Resource Balance	(2,337.0)	(2,365.0)	(544.0)	(943.0)	(4,873.0)	(4,628.0)	(5,547.0)
Current prices Value Added in Agriculture	5,440.0	7,097.0	10,014.0	11,131.0	12,506.0	14,728.0	16,676.0
Current prices Value Added in Industry	2,408.0	2,756.0	4,128.0	4,895.0	5,400.0	5,656.0	6,346.0
Current prices Value Added in Manufacturing	1,492.0	1,774.0	2,911.0	3,297.0	3,859.0	3,868.0	4,097.0
Current prices Value Added in Services, etc.	6,162.0	7,225.0	7,510.0	9,672.0	10,676.0	11,933.0	14,470.0
GOVERNMENT							
GOVERNMENT DEFICIT (-) OR SURPLUS	(917.0)	(1,891.0)	(1,527.0)	(1,542.0)	(2,365.0)	(5,376.0)	[illegible]
Government Capital Payments	1,225.0	1,755.0	1,620.0	2,226.0	3,284.0	4,543.0	4,534.0
Government Current Budget Balance	[illegible]	(126.0)	[illegible]	664.0	919.0	(833.0)	[illegible]
Government Current Expenditure	2,959.0	4,373.0	4,300.0	5,222.0	5,871.0	8,214.0	7,542.0
Government Current Revenue	[illegible]	[illegible]	[illegible]	[illegible]	6,790.0	7,381.0	8.539.0
MONEY							
Money Supply, Broadly Defined	4,462.5	5,552.5	6,946.7	8,746.8	9,396.9	13,808.7	17.519.9
Money as Means of Payment	3.456.7	4,283.7	5,331.7	6,382.8	6,827.2	10,437.6	13,346.0
Quasi-Monetary Liabilities	1,005.8	1,268.8	1,615.0	1,964.0	2,569.7	3,371.1	4,173.9
Currency Outside Banks	1,517.4	1,755.8	2,071.1	2,379.7	2,915.4	4,055.4	5,245.5
Demand Deposits	1,939.3	2,527.9	3,260.6	4,003.1	3,911.8	6,382.2	8.100.4
TRADE							
Current prices Exports of Manufactures	54.6	45.9	57.1	49.9	58.6	97.0	82.6
Current prices Exports of Nonfuel Primary Products	292.4	283.1	412.0	491.3	403.0	397.5	427.9
Current prices Value of Exports	387.8	348.7	490.4	559.0	472.3	511.4	536.6
Current prices Imports of Fuels	140.7	77.4	120.0	96.9	126.3	149.1	257.2
Current prices Imports of Manufactures	443.3	481.0	427.2	527.3	893.5	844.3	772.3
Current prices Imports of Nonfuel Primary Products	176.1	159.6	98.1	105.9	121.5	83.3	197.2
Current prices Value of Imports, cif	760.1	718.2	645.3	730.1	1,141.7	1,076.7	[illegible]
LOANS AND DEBT							
Long-Term Interest Payments	11.9	14.5	16.1	21.7	24.9	32.1	41.8
Disbursements of Long-Term Loans	164.4	254.2	392.7	257.8	254.9	347.7	410.2
Net Long-Term Loans	137.0	222.3	354.3	221.4	218.8	296.9	354.8
Repayments on Long-Term Loans	27.4	31.9	28.4	36.4	36.1	50.8	55.4
Identified Short-Term Debt	0.0	0.0	0.0	159.0	253.0	250.0	303.0
Public/Publicly Guar. Long-Term Debt	630.6	817.2	1,184.3	1,445.9	1,576.2	1,734.5	2,041.5
Public Long Term Debt, IBRD & IDA	104.2	161.2	195.0	258.4	307.9	376.0	439.8
Public Long Term Debt, Official Creditors	558.3	747.9	1,100.4	1,296.5	1,357.4	1,424.9	1,583.4
Public Long Term Debt, Private Creditors	72.3	69.3	83.9	149.4	218.8	309.6	458.1

DEVELOPMENT INDICATORS FOR TANZANIA
Based Upon World Bank Data
(Values in Millions)

TITLE	1981	1982	1983	1984	1985	1986
NATIONAL INCOME						
Current prices General Government Consumption	6,105.0	8,046.0	9,443.0	10,779.0	11,437.0	12,447.0
Current prices Private Consumption, etc.	37,035.0	42,261.0	52,974.0	70,521.1	94,776.9	138,270.7
Current prices Domestic Absorption	53,270.0	62,542.0	72,005.1	93,275.2	124,033.9	176,595.7
Current prices Exports of Goods & NF Services	5,994.0	4,546.0	5,111.0	[illegible]	7,450.0	14,580.0
Current prices GDP at Factor Cost	43,906.0	52,546.0	[illegible]	77,102.1	101,506.1	136,029.1
Current prices Gross Domestic Product	49,102.0	58,226.0	68,355.0	86,050.1	114,007.1	154,150.0
Current prices Gross Domestic Savings	5,962.0	7,519.0	5,556.0	4,751.9	7,793.2	2,432.4
Current prices Gross National Product	48,926.0	57,995.0	[illegible]	[illegible]	107,387.1	139,871.1
Current prices Gross National Savings	5,276.9	7,923.8	5,934.6	(256.6)	(365.4)	(17,472.6)
Current prices Imports of Goods & NF Services	10,162.0	8,862.0	9,761.0	13,543.0	17,491.0	37,026.0
Current prices Fixed Investment	8,632.0	10,825.0	7,752.0	[illegible]	15,325.0	22,391.0
Current prices Gross Domestic Investment	10,130.0	12,235.0	9,588.0	11,975.0	17,820.0	25,878.0
Current prices Net Factor Income (+) or Payments	(176.0)	(231.0)	(184.0)	(2,727.0)	(6,620.0)	(14,279.0)
Current prices Indirect Taxes Net of Subsidies	5,196.0	5,680.0	7,247.0	8,951.0	12,501.0	18,121.0
Current prices Resource Balance	(4,168.0)	(4,316.0)	(4,650.0)	[illegible]	(10,027.0)	(22,446.0)
Current prices Value Added in Agriculture	20,338.0	26,449.0	32,777.0	41,245.0	56,235.0	79,175.1
Current prices Value Added in Industry	[illegible]	6,911.0	6,254.0	8,418.0	10,169.0	12,939.0
Current prices Value Added in Manufacturing	4,501.0	4,361.0	4,629.0	[illegible]	6,861.0	8,164.0
Current prices Value Added in Services, etc.	16,731.0	19,186.0	21,367.0	27,249.0	35,311.0	47,915.0
GOVERNMENT						
GOVERNMENT DEFICIT (-) OR SURPLUS	(3,270.0)	0.0	0.0	0.0	0.0	0.0
Government Capital Payments	4,574.0	0.0	0.0	0.0	0.0	0.0
Government Current Budget Balance	1,304.0	0.0	0.0	0.0	0.0	0.0
Government Current Expenditure	9,007.0	0.0	0.0	0.0	0.0	0.0
Government Current Revenue	10,311.0	0.0	0.0	0.0	0.0	0.0
MONEY						
Money Supply, Broadly Defined	20,694.8	24,726.4	24,811.5	[illegible]	0.0	0.0
Money as Means of Payment	15,401.2	18,322.0	20,564.2	[illegible]	25,775.7	0.0
Quasi-Monetary Liabilities	5,293.6	6,405.4	4,247.3	[illegible]	0.0	0.0
Currency Outside Banks	5,616.0	7,955.7	[illegible]	[illegible]	12,719.1	15,339.7
Demand Deposits	9,785.2	10,324.3	12,776.1	[illegible]	12,655.6	0.0
TRADE						
Current prices Exports of Manufactures	70.9	56.9	42.0	49.0	45.0	59.0
Current prices Exports of Nonfuel Primary Products	492.4	357.2	331.0	[illegible]	205.2	282.7
Current prices Value of Exports	564.4	413.0	379.0	[illegible]	254.9	343.0
Current prices Imports of Fuels	362.6	297.3	219.7	239.9	246.4	124.7
Current prices Imports of Manufactures	711.7	715.4	455.2	555.6	692.3	660.2
Current prices Imports of Nonfuel Primary Products	102.0	116.3	86.1	31.7	88.3	91.1
Current prices Value of Imports, cif	1,176.3	1,134.0	[illegible]	847.3	1,028.0	1,079.0
LOANS AND DEBT						
Long-Term Interest Payments	29.3	39.0	24.5	13.5	21.8	26.4
Disbursements of Long-Term Loans	357.7	360.2	270.8	206.2	180.3	154.6
Net Long-Term Loans	293.4	316.0	228.5	160.4	137.1	141.6
Repayments on Long-Term Loans	64.3	44.2	42.3	39.8	43.2	42.8
Identified Short-Term Debt	296.0	402.0	447.0	554.0	600.0	260.2
Public/Publicly Guar. Long-Term Debt	2,209.9	2,384.7	2,670.5	2,661.7	3,075.1	3,649.7
Public Long Term Debt, IBRD & IDA	528.9	625.5	595.5	749.0	818.0	894.4
Public Long Term Debt, Official Creditors	1,750.7	1,863.4	2,157.6	2,177.4	2,488.1	3,264.2
Public Long Term Debt, Private Creditors	459.2	521.3	512.9	514.3	587.0	385.5

DEVELOPMENT INDICATORS FOR TANZANIA
Based Upon World Bank Data
(Values in Millions)

TITLE	UNIT	1970	1971	1972	1973
Factor Service Payments	US $, BoP	14.2	12.8	11.8	18.8
Merchandise Imports, fob	US $, BoP	283.5	345.3	359.8	437.8
Imports of Goods & Services	US $, BoP	370.2	455.3	473.3	568.2
Non-Factor Services Payments	US $, BoP	72.5	97.1	101.6	111.6
Increase (-) in Reserves	US $, BoP	20.6	13.2	(50.0)	(32.0)
Other Net Long-Term Inflows	US $, BoP	26.3	88.9	36.4	51.3
Current Account Balance	US $, BoP	(35.6)	(99.8)	(65.7)	(107.5)
Net Long-Term Capital Inflow	US $, BoP	71.6	137.7	108.4	139.5
Other Net Capital Inflows	US $, BoP	(56.6)	(51.1)	7.3	0.1
INDICIES					
Terms of Trade Index	US dollar-based	106.5	98.8	95.3	118.8
Constant price Exports, fob	1980 US $	1,035.4	1,041.5	1,192.1	889.1
Constant price Imports, cif	1980 US $	1,256.5	1,385.9	1,376.1	1,375.2
Domestic Absorption Deflator	1980=100	32.3	34.1	36.8	40.7
GDP Deflator	1980=100	30.4	31.5	33.4	37.3
Agricultural Value Added Deflator	1980=100	22.5	23.5	25.0	28.0
Industrial Value Added Deflator	1980=100	30.7	29.5	32.5	37.1
Manufacturing Real Output per Employee	1980=100	122.4	135.9	118.1	135.7
Manufacturing Real Earnings per Employee	1980=100	177.2	167.1	167.5	180.0
Fuel Export Price Index	1980=100, US dollar-based	4.3	5.6	6.2	8.9
Manufactures Export Price Index	1980=100, US dollar-based	37.5	36.5	36.5	49.5
Nonfuel Primary Products Export Price Inde	1980=100, US dollar-based	33.3	34.8	38.6	54.6
Export Price Index, fob	1980=100, US dollar-based	23.0	24.1	25.2	38.6
Import Price Index, cif	1980=100, US dollar-based	21.6	24.4	26.4	32.5
Conversion Factor, Annual Average	Local currency per U.S. d	7.1	7.1	7.1	7.0

DEVELOPMENT INDICATORS FOR TANZANIA
Based Upon World Bank Data
(Values in Millions)

TITLE	1974	1975	1976	1977	1978	1979	1980
BALANCE OF PAYMENTS							
Net Current Transfers	49.2	102.4	55.3	116.1	[illegible]	[illegible]	57.5
Merchandise Exports, fob	399.2	372.9	49[illegible]	535.6	476.4	545.7	50[illegible]
Exports of Goods & Services	488.4	491.2	6[illegible]	656.5	625.1	69[illegible]	710.5
Non-Factor Services Receipts	71.9	109.4	135.4	1[illegible].9	130.0	139.9	185.6
Factor Service Receipts	17.3	9.0	[illegible].4	11.0	19.8	11.5	[illegible]
Factor Service Payments	17.2	12.1	25.[illegible]	21.[illegible]	[illegible]	20.2	60.3
Merchandise Imports, fob	660.4	676.0	555.6	646.8	991.5	96[illegible]	1,[illegible]
Imports of Goods & Services	822.8	822.6	[illegible]	942.8	1,2[illegible]	1,218.5	1,4[illegible]
Non-Factor Services Payments	145.3	141.4	141.0	164.2	245.6	27[illegible]	[illegible]
Increase (-) in Reserves	137.4	15.[illegible]	([illegible])	([illegible])	17[illegible].4	[illegible]	[illegible]
Other Net Long-Term Inflows	(12.3)	(15.9)	(251.9)	(95.1)	(66.6	[illegible]	[illegible]
Current Account Balance	(265.3)	(230.0)	(33.7)	(70.2)	(472.9	(245.2)	(537.[illegible])
Net Long-Term Capital Inflow	124.7	206.4	1[illegible].4	126.3	152.[illegible]	[illegible]	[illegible]
Other Net Capital Inflows	23.2	8.[illegible]	[illegible]	1[illegible]4.0	150.2	45.8	306.6
INDICIES							
Terms of Trade Index	107.9	92.8	126.3	140.[illegible]	115.1	114.9	[illegible]
Constant price Exports, fob	635.5	614.3	677.3	[illegible].4	563.5	523.2	[illegible]
Constant price Imports, cif	1,[illegible].5	1,17[illegible]	1,125.4	1,140.4	1,5[illegible].7	1,[illegible]5.5	1,[illegible]
Domestic Absorption Deflator	49.5	57.5	[illegible].4	76.5	85.[illegible]	96.6	100.0
GDP Deflator	44.6	51.0	[illegible]	74.6	82.1	89.8	100.0
Agricultural Value Added Deflator	35.0	41.6	56.6	68.9	78.[illegible]	9[illegible]	[illegible]
Industrial Value Added Deflator	42.0	48.8	66.[illegible]	5[illegible].4	69.7	56.8	10[illegible]
Manufacturing Real Output per Employee	[illegible]	[illegible]	[illegible]	0.0	77.8	[illegible].5	[illegible]
Manufacturing Real Earnings per Employee	174.9	0.0	[illegible]	0.0	115.1	[illegible].0	10[illegible]
Fuel Export Price Index	[illegible]	[illegible]	39.4	42.0	42.[illegible]	[illegible]	[illegible]
Manufactures Export Price Index	67.[illegible]	66.1	[illegible]	7[illegible]	76.1	9[illegible]	100.0
Nonfuel Primary Products Export Price Index	56.0	57.8	76.8	96.3	87.4	[illegible]	[illegible]
Export Price Index, fob	61.0	56.8	[illegible].4	89.8	[illegible]	[illegible]	[illegible]
Import Price Index, cif	56.6	61.2	57.[illegible]	64.[illegible]	72.8	85.[illegible]	[illegible]
Conversion Factor, Annual Average	7.1	7.4	8.4	6.[illegible]	[illegible]	8.[illegible]	9.[illegible]

DEVELOPMENT INDICATORS FOR TANZANIA
Based Upon World Bank Data
(Values in Millions)

TITLE	1981	1982	1983	1984	1985	1986
BALANCE OF PAYMENTS						
Net Current Transfers	(61.5)	25.4	15.9	(150.8)	(116.8)	(202.6)
Merchandise Exports, fob	689.1	413.0	376.6	372.9	324.8	345.5
Exports of Goods & Services	909.4	530.3	486.7	496.9	440.9	453.6
Non-Factor Services Receipts	206.0	114.5	108.8	121.1	112.3	99.3
Factor Service Receipts	14.3	2.8	1.2	3.0	3.9	8.8
Factor Service Payments	50.5	34.0	[illegible]	39.1	14.9	8.3
Merchandise Imports, fob	1,037.4	984.6	[illegible]	758.7	804.8	774.3
Imports of Goods & Services	1,329.2	1,178.6	915.7	934.6	1,035.5	987.6
Non-Factor Services Payments	241.3	160.0	148.8	186.9	215.8	205.0
Increase (-) in Reserves	(2.6)	1.6	(41.4)	(32.6)	6.0	(22.9)
Other Net Long-Term Inflows	(180.3)	(0.2)	[illegible]	(3.3)	2.8	31.3
Current Account Balance	(481.5)	(622.9)	(410.1)	(639.7)	(711.3)	(736.6)
Net Long-Term Capital Inflow	315.0	501.2	476.1	332.7	273.3	396.1
Other Net Capital Inflows	169.1	120.1	(24.6)	338.6	432.1	364.4
INDICIES						
Terms of Trade Index	85.2	88.4	91.1	96.4	90.8	104.1
Constant price Exports, fob	677.9	479.4	[illegible]	380.2	307.0	360.5
Constant price Imports, cif	1,132.7	1,163.5	842.6	914.3	1,127.9	1,180.7
Domestic Absorption Deflator	117.8	137.0	164.9	202.9	257.3	335.1
GDP Deflator	118.2	139.0	165.7	204.2	259.9	337.0
Agricultural Value Added Deflator	121.1	155.4	197.2	247.1	325.3	436.3
Industrial Value Added Deflator	116.6	119.0	144.8	163.8	205.4	268.6
Manufacturing Real Output per Employee	81.6	96.1	[illegible]	80.5	55.8	0.0
Manufacturing Real Earnings per Employee	53.0	66.8	61.4	49.2	0.0	0.0
Fuel Export Price Inde	112.5	101.6	90.5	90.2	87.5	45.0
Manufactures Export Price Index	99.1	94.8	90.7	89.3	89.0	103.2
Nonfuel Primary Products Export Price Index	87.1	84.7	85.3	89.3	81.7	94.5
Export Price Index, fob	88.5	86.1	85.9	89.3	83.0	95.1
Import Price Index, cif	103.9	97.5	94.2	92.7	91.5	91.4
Conversion Factor, Annual Average	8.3	9.3	11.1	15.3	17.5	32.7

SOCIAL INDICATORS FOR TANZANIA
Based Upon World Bank Data

TITLE	UNIT	1970	1971	1972	1973	1974	1975
LAND							
Total land area	SQ KILOM.	945	945	945	945	945	945
Total agricultural land	SQ KILOM.	398	399	399	399	400	400
Arable land	SQ KILOM.	39	39	39	40	40	40
Pasture land	SQ KILOM.	350	350	350	350	350	350
POPULATION							
Total population, (interp series)	NUMBER	[illegible]	13,967,001	14,437,001	14,922,001	15,424,001	15,942,001
Population, female	NUMBER	6,829,915	7,068,259	7,304,604	7,545,438	7,800,769	8,061,[illegible]
Population, male	NUMBER	[illegible]	6,898,743	7,1[illegible]	7,373,564	7,623,233	7,880,[illegible]
Population, age 0-14	NUMBER	6,061,040	6,290,120	6,525,085	6,774,569	7,030,563	7,295,[illegible]
Population, age 15-64	NUMBER	7,031,597	7,241,766	7,458,516	7,681,246	7,910,699	8,146,872
Population, age 65+	NUMBER	420,365	435,117	450,401	466,137	482,549	499,4[illegible]
Urban population total	NUMBER	920,297	1,020,798	1,117,640	1,223,601	1,339,669	1,4[illegible]
Urban population as % total	PERCENT	7	7	8	8	9	[illegible]
Agriculture population density	NUMBER	33,935	35,040	36,183	37,361	38,570	39,825
DEMOGRAPHIC CHARACTERISTICS							
Crude birth rate, (interp series)	NUMBER	49	49	49	49	50	50
Crude death rate (interp series)	NUMBER	20	19	19	19	18	18
Infant mort rate, age 0-1 (interp series)	NUMBER	132	131	130	129	128	127
Child mort rate, age 1-4 (interp series)	NUMBER	25	0	[illegible]	0	0	0
Life expectancy, total	NUMBER	45	45	46	46	47	47
Life expectancy, males (interp series)	NUMBER	44	44	44	45	45	45
Life expectancy, female	NUMBER	47	47	48	48	49	49
Total fertility rate (interp series)	NUMBER	6	6	6	6	6	6
Contraceptive acceptors	NUMBER	0	0	[illegible]	0	0	[illegible]
Contraceptive users	NUMBER	0	0	0	0	0	0
Persons per household	NUMBER	0	0	[illegible]	0	0	0
Persons per household, rural	NUMBER	0	0	0	[illegible]	[illegible]	5
Persons per household, urban	NUMBER	0	0	[illegible]	0	0	
HEALTH AND NUTRITION							
Number of physicians	NUMBER	596	[illegible]	[illegible]	0	[illegible]	[illegible]
Population per physician	NUMBER	23	[illegible]		[illegible]		
Number of nurses	NUMBER	0	0	0	4,400	0	0
Population per nurse	NUMBER	0	0	[illegible]	[illegible]	0	[illegible]
Number of hospital beds	NUMBER	0	0	0	0	0	0
Pop per hospital bed	NUMBER	0	0	[illegible]	[illegible]	0	[illegible]
Daily calorie intake	NUMBER	2,005	1,939	1,917	1,944	2,071	[illegible]
Daily calorie requirement	NUMBER	0	0	0	0	0	[illegible]
Daily protein supply (gms)	NUMBER	45	43	43	43	46	50
Safe water access as % of population	PERCENT	13	0	0	0	0	39
Safe water, rural	PERCENT	9	[illegible]	[illegible]	[illegible]	[illegible]	36
Safe water, urban	PERCENT	61	0	0	0	0	88
EDUCATION							
Gross enrollment ratio	PERCENT	34	0	0	0	[illegible]	53
Gross enrollment ratio, male	PERCENT	41	0	[illegible]	0	0	62
Gross enrollment ratio, female	PERCENT	27	0	0	0	0	44
Illiterate population as % pop age 15+	PERCENT	0	0	[illegible]	0	0	0
EMPLOYMENT							
Labor force size	NUMBER	7,175,001	7,382,001	7,596,401	7,816,201	8,016,801	8,227,[illegible]
Female labor force as % total labor force	PERCENT	51	51	50	50	50	50

SOCIAL INDICATORS FOR TANZANIA
Based Upon World Bank Data

TITLE	1976	1977	1978	1979	1980	1981	1982
LAND							
Total land area	945	945	945	945	945	945	945
Total agricultural land	401	401	401	401	402	402	402
Arable land	41	41	41	41	41	41	41
Pasture land	350	350	350	350	350	350	350
POPULATION							
Total population, (interp series)	16,478,001	17,032,016	17,605,024	18,[illegible],016	18,757,024	19,407,024	20,080,016
Population, female	8,330,279	8,608,451	8,896,100	9,180,590	9,550,546	9,881,508	10,224,181
Population, male	8,147,[illegible]	8,423,551	8,[illegible]	[illegible]	9,206,455	9,525,494	9,855,821
Population, age 0-14	7,579,815	7,874,514	8,180,265	8,485,813	8,800,715	9,118,653	9,448,736
Population, age 15-64	8,382,[illegible]	8,624,054	8,872,[illegible]	9,[illegible]	9,368,959	9,691,193	10,024,266
Population, age 65+	516,174	532,435	551,239	568,800	587,418	597,156	607,[illegible]
Urban population total	1,55[illegible]	1,72[illegible]	1,88[illegible]	2,04[illegible]	[illegible]	2,396,164	2,594,166
Urban population as % total	10	10	11	11	12	12	13
Agriculture population density	41,122	42,474	43,855	45,272	46,736	48,288	49,963
DEMOGRAPHIC CHARACTERISTICS							
Crude birth rate, (interp series)	50	51	50	50	50	50	50
Crude death rate (interp series)	17	17	17	17	17	16	15
Infant mort rate, age 0-1 (interp series)	126	125	123	121	119	117	115
Child mort rate, age 1-4 (interp series)	0	0	0	0	0	0	18
Life expectancy, total	48	48	49	49	49	50	51
Life expectancy, males (interp series)	46	47	47	48	48	49	49
Life expectancy, female	51	51	51	51	51	52	52
Total fertility rate (interp series)	7	7	7	7	7	7	7
Contraceptive acceptors	93,600	0	[illegible]	0	0	0	0
Contraceptive users	0	1	0	0	0	0	0
Persons per household	0	0	0	0	0	[illegible]	0
Persons per household, rural	0	[illegible]	0	0	0	0	0
Persons per household, urban	0	0	0	0	0	0	0
HEALTH AND NUTRITION							
Number of physicians	0	0	0	[illegible]	0	0	0
Population per physician	0	0	[illegible]	[illegible]	0	0	0
Number of nurses	0	0	0	0	0	0	0
Population per nurse	0	0	[illegible]	[illegible]	0	0	0
Number of hospital beds	0	0	0	0	0	0	0
Pop per hospital bed	0	0	0	[illegible]	0	0	0
Daily calorie intake	2,390	2,407	2,350	2,403	2,461	2,421	2,348
Daily calorie requirement	0	2,[illegible]	0	[illegible]	0	0	0
Daily protein supply (gms)	51	54	54	52	53	52	52
Safe water access as % of population	0	0	0	[illegible]	0	0	0
Safe water, rural	0	0	0	[illegible]	0	0	0
Safe water, urban	0	0	0	[illegible]	0	0	0
EDUCATION							
Gross enrollment ratio	70	99	96	100	93	94	90
Gross enrollment ratio, male	0	109	104	107	100	100	94
Gross enrollment ratio, female	0	88	87	93	86	88	85
Illiterate population as % pop age 15+	0	0	54	0	0	0	0
EMPLOYMENT							
Labor force size	8,483,201	8,739,401	8,995,601	9,251,801	9,5[illegible],801	9,789,[illegible]	[illegible],0[illegible]0,001
Female labor force as % total labor force	50	50	50	50	50	50	50

SOCIAL INDICATORS FOR TANZANIA
Based Upon World Bank Data

TITLE	1983	1984	1985	[illegible]
LAND				
Total land area	945	945	945	0
Total agricultural land	402	402	0	0
Arable land	41	41	0	0
Pasture land	350	350	0	0
POPULATION				
Total population, (interp series)	20,776,016	21,457,024	22,242,[illegible]	[illegible],049,024
Population, female	10,578,565	10,945,679	11,290,181	0
Population, male	10,197,437	10,551,[illegible]	10,951,[illegible]	[illegible]
Population, age 0-14	9,791,042	10,146,592	10,515,677	0
Population, age 15-64	10,368,035	10,727,442	[illegible]	0
Population, age 65+	[illegible]	[illegible]	[illegible]	[illegible]
Urban population total	[illegible]	3,04[illegible]	[illegible]	[illegible]
Urban population as % total	14	14	14	0
Agriculture population density	51,695	52,459	[illegible]	[illegible]
DEMOGRAPHIC CHARACTERISTICS				
Crude birth rate, (interp series)	50	50	50	[illegible]
Crude death rate (interp series)	0	0	15	0
Infant mort rate, age 0-1 (interp series)	117	117	11[illegible]	[illegible]
Child mort rate, age 1-4 (interp series)	0	22	22	0
Life expectancy, total	51	52	52	[illegible]
Life expectancy, males (interp series)	0	0	50	0
Life expectancy, female	0	0	54	0
Total fertility rate (interp series)	7	7	7	[illegible]
Contraceptive acceptors	[illegible]		0	
Contraceptive users	0	0	0	[illegible]
Persons per household	[illegible]	0	[illegible]	[illegible]
Persons per household, rural	0	[illegible]	0	[illegible]
Persons per household, urban	0	0	0	0
HEALTH AND NUTRITION				
Number of physicians	0	0	0	0
Population per physician	0	0	[illegible]	[illegible]
Number of nurses	0	0	0	0
Population per nurse	0	[illegible]	0	0
Number of hospital beds	0	0	0	0
Pop per hospital bed	0	[illegible]	0	0
Daily calorie intake	2,291	[illegible]	[illegible]	0
Daily calorie requirement	0	0	0	[illegible]
Daily protein supply (gms)	[illegible]	[illegible]	51	0
Safe water access as % of population	0	52	0	[illegible]
Safe water, rural	0	47	0	0
Safe water, urban	0	[illegible]	[illegible]	0
EDUCATION				
Gross enrollment ratio	87	[illegible]	72	0
Gross enrollment ratio, male	90	0	[illegible]	[illegible]
Gross enrollment ratio, female	85	0	0	0
Illiterate population as % pop age 15+	0	0	0	0
EMPLOYMENT				
Labor force size	10,351,001	10,632,001	10,913,001	11,25[illegible],001
Female labor force as % total labor force	49	49	49	49

ZAMBIA:

ECONOMIC POLICY PROFILE

1. LIBERALIZATION STRATEGY OVERVIEW(1).

In Zambia May 1, 1987 is a dividing point in policy dialogue and formation as well as economic management. From early in 1983 until May 1, 1987 Zambia closely cooperated with donors in what was called an Economic Recovery Program. This included traditional liberalization measures and an exchange auction system for valuing and allocating foreign exchange. On May 1, 1987 Zambia broke away from continued liberalization under the Economic Recovery Program, citing a failure of those policies to deal with the country's problems. In its place Government announced a New Economic Recovery Program, with an Interim National Development Plan for the period July, 1987 through December, 1988.

From 1964 at independence until 1973 Zambia experienced moderate rates of economic growth and relatively stable financial conditions, both stemming from favorable export prices for copper which accounted for over 90% of export earnings and some 50% of GDP. During the same period the country developed a large and diversified industrial base, ranging from chemicals to light manufactures, but almost all within the public sector. Such state ownership of industrial enterprises and a generally active involvement of government in the economy brought with it economic policies which included heavy protection of domestic industry and large subsidies for urban consumers. These policies led to disappointing growth of agricultural output, resulting in a change from food grain resulting in a change from food grain self-sufficiency to import dependency. An overvalued exchange rate penalized non-traditional exports and, along with negative real interest rates, stimulated capital and import

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(1) The Discussion in this paper is based upon analyses and documents of the Government of Zambia, the World Bank, the International Monetary Fund and U.S. A.I.D., as well as discussions with officials in Zambia. It is intended to provide an overview of issues and progress concerning economic management of Zambia's economy and to assist U.S. A.I.D. in considering a five year strategy for Southern Africa.

intensive production and consumption. Heavy public sector investment, especially in the transportation sector, had a small direct impact on growth.

1973 brought severe problems including an economic contraction and external payments difficulties along side increasing fiscal problems. From 1973 to 1984 real GDP declined approximately 1.5% per annum; a population growth rate of 3.1% meant per capita GDP in 1984 was 35% lower than in 1973. Depressed copper prices and a failure to adjust domestic expenditure and production to the deteriorating external situation are the prime reasons for this severe economic downturn. Government resorted to external borrowing to maintain levels of economic activity, in the process incurring massive debt which severely limits development options now and into the future.

Deterioration in the external terms of trade was an integral part of this economic downturn. Copper prices fell by 70% from 1973 to 1985 while prices of imported goods, especially petroleum, rose rapidly, resulting in a 75% worsening of the terms of trade for Zambia. In reaction restrictive exchange and trade systems were put in place to cushion the economy from these external shocks. Shortages of foreign exchange led to low capacity utilization levels and deteriorating capital stock. This, in turn, lowered production further; in mining physical output fell which worsened an already serious foreign exchange crisis. Government maintained expenditures while the tax base and collections fell, leading to large deficits. Tight controls on prices, interest rates, and the exchange rate brought in increasing distortions while tariff and domestic tax policy encouraged capital and import intensive domestic industry.

Early in 1983 Zambia undertook a fundamental restructuring program, with assistance from donors. Among the elements of the reform package were a start at domestic price decontrol, reduced budgetary subsidies for basic foodstuffs and fertilizer, movement of agricultural producer prices towards parity, loosened interest rate ceilings, and adoption of a more flexible exchange rate policy. Because of the severity of the imbalances, the tentative nature of the reforms undertaken relative to the total changes needed, a downturn in donor assistance, and a further compression of imports for lack of foreign exchange, the economic situation worsened during 1983 and 1984. Tentative improvements in the economy, partly flowing from the policy changes initiated in the previous two years, brought the first increase in real GDP of 3.4% in 1985 with substantial help from a good agricultural harvest and increased manufacturing output. But the fiscal and external imbalances grew worse.

Late 1985 brought radical changes in economic policy as Zambia redoubled its efforts to stem the crisis. These changes included resort to a weekly exchange auction starting in October, 1985 to allow market determination of the kwacha exchange rate. This was accompanied by major liberalization of the trade and payments system. Interest rates were decontrolled through daily auctions of treasury bills. Fiscal and monetary policies were brought into line with these liberalizations. Price controls were drastically loosened and the severe depreciation of the kwacha was thereby quickly passed through to domestic cost-price relationships. Only maize and fertilizer remained as administered prices and government intended to gradually eliminate subsidies on these items also. In agriculture the marketing of maize was liberalized in September, 1986 and the state marketing agency became a buyer of last resort and manager of Zambia's strategic reserves.

This massive economic restructuring was supported by multilateral and bilateral donors. The IMF in February, 1986 approved a 2-year stand-by arrangement and a purchase under the Compensatory Financing Facility. The World Bank approved an agricultural sector credit in January, 1985; an industrial sector reorientation credit in October, 1985; and a Recovery Credit. Bilateral support, coordinated through a number of meetings of the Consultative Group, added external resources to the reform process. Further support was expected from debt restructuring. For 1987 the debt service ratio, in late 1986 when the Policy Framework Paper was written, was expected to be 100% of export earnings, falling to 85% in 1988 and 1989; these amounts excluded arrears on commercial payments. A major complication was that a substantial portion of Zambia's debt was non-reschedulable. Short of maximum debt relief, Zambia could thus not even look forward to minimum growth rates during the period of the Policy Framework Paper.

At the end of 1986, as reflected in the Policy Framework Paper for 1987-1989, the Government and donors considered the economy headed in the right direction The expectation was that with proper price signals and discipline in the economy, agriculture and industry would gradually become the focus of future economic growth, employment, and income. As of the year end 1988, Zambia's external public debt is on the order of $5 billion, of which $400 million consists of IBRD debt, $900 million is IMF debt, and $2.3 billion is to the bilaterals. Unable to keep current in servicing this debt, Zambia has accumulated a staggering $2 billion in arrears on debt.

The 1987-89 medium term reform strategy for the economy, as of end-1986, was to be:

- greater domestic resource mobilization through improved taxation;
- public enterprise reform;
- privatization of some economic activity and better management of what remained in the public sector;
- reformed exchange rate and budgeting operations by the Bank of Zambia;
- promotion of non-traditional exports;

- debt restructuring, essential to increase resources for the medium-term and longer.

In all of this the Government was pursuing broad objectives of economic reform:

1. to permit a resumption of economic growth adequate to at least stabilize per capita income against the annual growth of 3.1% in population.
2. to redirect domestic production and consumption so as to move toward a sustainable balance of payments through the production of efficient export and import-substitution goods.
3. to meet Zambia's immediate external obligations and to improve relations with its external creditors.
4. to achieve internal financial stability, including the stabilization of domestic prices.

A key element of the reform program was to deregulate domestic prices, and the Government took actions on all controlled prices except mealie meal (the basis food staple) as the reform program unfolded. Toward the end of 1986, the Government took the big step and announced that mealie meal prices were decontrolled. Riots in reaction to this measure left a number dead in December 1986, and the Government began to back away from reforms.

During the 1985 - 86 period, domestic prices had increased more rapidly than the Government hoped for, not the least reason for which was the Government's inability to reduce deficit spending and hence growth to domestic credit and the money supply. In addition, the explosive growth of the money supply, combined with a number of lesser factors, ahd resutled in very rapid devaluation of the local currency, to a level that the Government believed was unacceptable.

President Kaunda on May 1, 1987 announced the "New Economic Recovery Programme" in a speech, which provided this rationale for the major changes being implemented:

> "Since 1983 the Party and its Government have undertaken a succession of adjustment programmes worked out in close collaboration with the IMF and the World Bank to restructure the economy. These programmes called for the adoption of specific macro-economic policy measures notably the following:
>
> (a) imposition of credit ceilings in order to reduce money supply;
> (b) reduction in public expenditure, especially on welfare services and subsidies;
> (c) reduction of the overall Government budget deficit;
> (d) the imposition of ceilings on wage raises;
> (e) the decontrol of prices and interest rates;

(f) the rescheduling of the repayments of external debt;
(g) the progressive devaluation of the Kwacha; and
(h) the auctioning of foreign exchange.

"I must point out that even as the Party and its Government were negotiating with the IMF and the World Bankon these policy measures there was wide and deep skepticism regarding the possibility of implementing such measures without bringing about wide disruptions in the economy. This skepticism was fuelled by the growing external debt which compelled the country to commit a significant and growing proportion of its dwindling export earnings to servicing this external debt.

"The IMF conditionality has meant that the restructuring programme, which was and still is imperative in order to lead the economy to recovery, could only be sustained through recourse to massive external borrowing. . . .

"Nevertheless, the Party and its Government decided to go ahead with the measures I have already outlined in the hope that the country's economic performance would improve and the drastic fall in the people's standard of living would be arrested.

"After four years of these experimental programmes per capita income has fallen from the equivalent of US$630 in 1981 to less than US$200 in 1987. We have observed, with growing alarm, a situation where escalating unemployment is becoming a permanent feature of our economy. Galloping inflation has set in which has pushed the prices of basic essential commodities beyond the reach of our people especially in the low income groups who are in the majority. Cases of malnutrition are on the increase everyday.

"There has been a sharp rise in the mortality rate . . . We are witnessing a situation where our social fabric is slowly disintegrating, . . . It is patently clear that far from improving our condition, we are not succeeding. Hence, the need for a fresh look.

"Comrades, what I am saying is that we shall determine our own destiny. To do this we must rely on our own resources both human and material. We must determine for ourselves the direction of our national development and pursue it with conviction, discipline, and total commitment. While appreciating the assistance rendered to us by the international community, we must nevertheless discard the 'dependency syndrome' which has over the years led us to believe that external financial institutions and donor agencies can solve our problems for us."

The New Economic Recovery Programme, as articulated in the Interim National Development Plan for July, 1987 - December, 1988, had as its principal objective stabilization of the economy by controlling inflation. To do this, steps were undertaken to control the exchange rate and interest rates, with the objective of "growth from our own resources."

The detailed objectives of this new approach, as stated in the Interim Plan, were:

1. to release resources for development by compressing non-essential and luxury imports and limiting debt service payments;
2. to reactivate the economy by increasing capacity utilization in enterprises producing essential or basic goods or goods for export;
3. to stabilize the economy by controlling inflation;
4. to promote a self-sustaining economy through increased profitability and reinvestment of profits in enterprises utilizing local raw materials;
5. to diversify exports by promoting non-traditional exports and export of manufactured goods;
6. to structure production and consumption patterns so as to use foreign exchange as a strategic resource;
7. to increase employment opportunities through the establishment of village and small scale industries based on local raw materials;
8. to increase government capacity to manage the economy; and
9. to reduce subsidies gradually and target them to the needy.

One conclusion that must be drawn from Zambia's experience with economic reforms, and particularly from the pull-back from regorms in mid-1987, is that Zambia is politically uncertain about the most desirable pace of reforms. "New Economic Recovery Programme" is that Zambian economic policies are in great disarray. Since May, 1987 a set of policies has been adopted which, while well intentioned, is incapable of stabilizing the economy, let alone of positioning it for eventual growth out-pacing population increases. The abrupt return to direct intervention and control of the economy reverses any gains beginning to appear in allowing more rational, price-sensitive production and investment decisions to function. The goals of the new program are inconsistent. Severe shortages of imports, price controls, and direct allocation intervention by the Government do not add up to an environment within which non-traditional exports will grow. Nor will there be the type of medium-term, sustainable growth in agriculture and manufacturing desired. Negative interest rates and prohibitive protection, tariff-based and quantitative, will direct any new productive activity towards import substitution. There will be little chance of attracting external investment. Favorable external conditions, weather for agriculture and world prices of minerals for miring, may well support some modest growth, but could just as easily turn adverse and reduce growth even more than these policies are likely to bring forth.

In coming months, another shift in the pace and content of economic policies may be possible. There appears to be little difference in the ultimate objectives (e.g., economic growth and stability) of the regorm programs; the primary difference is in specific reform measures and i nthe pace of their implementation. In late 1988, in conjunction with the Government's announcement of its 1989 budget, the following measures were announced: a) a foreign exchange devaluation, b) statements on impending price decontrol, c) an increase in interest rates, d) statements that subsidies will be removed, and an invitation to the IMF to come to Zambia in early 1989 to examine the Government's reinstitution of policy reform.

2. KEY POLICY ELEMENTS

2.A. Exchange Rate Management

The auction-engendered devaluation of the kwacha in 1986 and early 1987 was replaced in May 1987 with a fixed rate (8 kwacha per US dollar), and the auction was replaced with an administrative allocation scheme for foreign exchange. Despite the fact that the Government in May 1987 stated that the exchange rate would be under review, there was no change in the rate until the late 1988 announcements. In early November 1988, the Government announced a devaluation (to approximately 10 kwacha per US dollar), and reiterated that the Central Bank would be monitoring (and possibly altering) the exchange rate periodically. Despite this recent devaluation, according to estimates, the kwacha appreciated, in real effective terms, by over forty percent from May 1987 to the end of December 1988, and administrative allocation continued.

2.B. Import Administration

Foreign exchange allocation cannot be separated from import administration under current conditions. A Foreign Exchange Management Committee allocates foreign exchange to various sectors of the economy twice-monthly, while a sub-committee meets daily to make allocations under the 50% export retention scheme. But superceding this are the preferential commitments for mining, petroleum, the airline, and fertilizer, as well as the 10% debt servicing allocation. Thus, only the residual is available for allocation by the Foreign Exchange Management Committee.

What is clear from the little data available is that the availability of foreign exchange is severely tight and that chances of any economical levels of capacity utilization, outside of the 4 preferential commitments, is very small. In such an environment, even with the 50% retention Scheme for non-traditional exporters, the ability to import regularly the raw materials required is in severe trouble.

2.C. Export Policies

The Government has made an increase in non-traditional exports an important part of the New Economic Recovery Programme. The Minister of Finance in January, 1988 estimated that these exports earned US$ 80 million during 1987. He also stressed that the 50% retention scheme was an important inducement to exporting, along with a duty drawback system for taxes on imports used in production.

Of far more importance in the near-term are policies affecting minerals, primarily copper. Mines have their import requirements taken care of separate from the allocation process, off the top from gross foreign exchange earnings. Favorable copper prices can do a great deal to ease foreign exchange constraints. However, deterioration of mining equipment and gradually dwindling stocks of minerals means that over the longer term there must be alternative export earnings.

It is not possible to assess the situation for non-traditional exporters on the basis of what little is known of the economic situation after May, 1987. On the one hand, the 50% retention scheme, to the extent exporters are allowed to use it and import their requirements, could be a vital safety-valve encouraging production for export markets. On the other hand, the overvalued exchange rate means that financial incentives point towards production for the protected domestic market to the extent that price controls allow for prices above costs.

2.D. Industrial Policies

There is a very high dependence of manufacturing on imported inputs, which has resulted in low capacity utilization, except for some producers during the exchange auction period. Under the Interim Plan industrial strategy is supposed to encourage processing of local raw materials and give priority to full utilization of existing industrial capacities. It is also planned that industry would support agricultural development through provision of essential inputs such as machinery and equipment, stockfeed,fertilizers and chemicals, giving special consideration to the input requirements of small-scale farmers. There are to be three categories of manufacturing industries targeted for reactivation during the Interim Plan period: manufacturers that produce essential commodities; manufacturers that produce intermediate goods, and manufacturing industries that produce goods for export.

Such an industrial strategy is so vague and inconsistent as to not be a strategy, but rather wishful thinking. The imported inputs, let alone capital goods, are not available under the tight foreign exchange situation. Massive restructuring is implied in a redirection of currently import-intensive producers to processing of local product. At the same time, the three categories targeted for reactivation will require substantial imports for rehabilitation.

2.E. Price Regulation

Under the New Economic Recovery Programme price control was reintroduced to "stabilize" the economy, just as it was nearing elimination under the previous Economic Recovery Program. The extent of such price control is unclear. The Minister of Finance's January, 1988 Budget Address talks of controlling prices of essential commodities, initially limited to 12. But the October, 1987 Progress Report on the New Economic Recovery Program talks of having brought 21 items under price control.

In late 1988, as part of the reinvigoration of economic policy reforms, the Government announced that it would once again decontrol prices. The announcement included a somewhat ambiguous plan for replacing the controls on mealie meal prices with a coupon program to ensure that the needy are able to procure sufficient mealie meal, at a subsidized price, to survive.

2.F. Fiscal Policies

In the President's Speech announcing the New Economic Recovery Programme it was stated that Government would widen the revenue base, which would result in a more equitable tax structure such that it would be profitable to use property and unprofitable to pursue speculation and hoarding. It was also stated that the import tariff system would be revised to discourage capital and import intensive means of production. Related to expenditure changes, the President announced new expenditures would be necessary for public works schemes to reduce unemployment and on public projects with low-cost and short maturities.

The 1989 government budget released in late 1988, calls for reduction in the deficit (compared with actual 1988 figures), and links the need to reduce the deficit to the goal of reducing inflation. Reduction of the deficit to the target level will be difficult for the Government to achieve.

2.G. Financial Sector Policies

There is recognition under the New Economic Recovery Programme that control of the money supply is essential to holding down inflation. However, the Minister of Finance reported in January, 1988 that the money supply had grown 60% during 1987, down from 93% during 1986. But reduction of the Government's deficit is an essential companion to slower growth of the money supply. During 1987 the deficit was estimated by the Minister of Finance as K1.6 billion, down from K2.2 billion during 1986; with the bulk of the deficit financed from banking system borrowings. The pressures on government expenditures and drag on tax collection from a stagnant economy do not favor the type of fiscal control essential to holding down growth of the money supply.

Substantial crowding-out of private sector and productive investment occurs under a situation of attempts to tighten the money supply and constrain fiscal deficits. The Government talks about assigning "priority" in borrowing to productive purposes in agriculture, manufacturing, mining, transport, tourism and non-traditional exports; at the same time it talks of restricting credit to other private and parastatal bodies and individuals.

2.H. Other Policies

Mining is by far the most important sector in the economy now and for the medium-term. Government has focused on providing that sector with necessary foreign exchange. It is also attempting to foster rehabilitation, with a resulting growth of copper output of 5% in 1987 over 1986 and more results expected in future years. The favorable upturn in copper prices along with cost-cutting measures by Zambia Consolidated Copper Mines, as part of a five year production and investment plan, could generate additional foreign exchange earnings if the trends continue. But over the longer term it is clear that the copper reserves are exhaustible and world prices subject to long periods of decline. Therefore there is at best a limited number of years during which copper can "pull" the economy towards restructuring and alternative sources of export earnings.

DEVELOPMENT INDICATORS FOR ZAMBIA
Based Upon World Bank Data
(Values in Millions)

TITLE	UNIT	1970	1971	1972	1973	1974
NATIONAL INCOME						
Current prices General Government Consumption	Local currency	198.5	[illegible]	314.5	344.8	357.8
Current prices Private Consumption, etc.	Local currency	503.5	492.6	535.7	530.2	659.7
Current prices Domestic Absorption	Local currency	1,062.8	1,213.7	1,326.6	1,339.9	1,769.5
Current prices Exports of Goods & NF Services	Local currency	685.4	500.6	586.1	767.4	943.9
Current prices GDP at Factor Cost	Local currency	1,155.6	1,075.9	1,219.2	1,439.3	1,707.5
Current prices Gross Domestic Product	Local currency	[illegible]	1,183.6	1,346.0	1,591.3	1,867.9
Current prices Gross Domestic Savings	Local currency	575.7	415.7	497.8	716.3	870.4
Current prices Gross National Product	Local currency	1,244.3	1,145.0	1,273.9	1,465.2	1,752.0
Current prices Gross National Savings	Local currency	438.0	263.9	327.5	507.8	652.5
Current prices Imports of Goods & NF Services	Local currency	470.5	525.7	564.7	529.0	765.5
Current prices Fixed Investment	Local currency	372.3	[illegible]	445.0	417.0	502.0
Current prices Gross Domestic Investment	Local currency	360.8	440.8	476.4	454.9	692.0
Current prices Net Factor Income (+) or Payments	Local currency	(33.4)	(43.6)	(74.1)	126.1	(135.9)
Current prices Indirect Taxes Net of Subsidies	Local currency	122.1	113.6	126.8	152.0	180.4
Current prices Resource Balance	Local currency	214.9	(25.3)	21.4	251.4	178.4
Current prices Value Added in Agriculture	Local currency	136.1	154.0	172.2	179.6	199.4
Current prices Value Added in Industry	Local currency	699.2	545.5	636.3	845.5	1,026.2
Current prices Value Added in Manufacturing	Local currency	129.2	149.7	181.4	195.3	240.4
Current prices Value Added in Services, etc.	Local currency	442.4	489.1	539.5	566.2	662.3
GOVERNMENT						
GOVERNMENT DEFICIT (-) OR SURPLUS	Local currency	0.0	0.0	(175.6)	(256.4)	64.4
Government Capital Payments	Local currency	0.0	0.0	144.2	365.7	167.1
Government Capital Receipts	Local currency	0.0	0.0	1.1	86.3	1.1
Government Current Budget Balance	Local currency	0.0	0.0	(32.5)	13.0	230.4
Government Current Expenditure	Local currency	0.0	0.0	329.5	371.5	418.5
Government Current Revenue	Local currency	0.0	0.0	297.0	384.5	648.9
MONEY						
Money Supply, Broadly Defined	Local currency	422.8	395.8	412.5	492.1	525.9
Money as Means of Payment	Local currency	135.9	195.6	201.3	258.9	265.7
Quasi-Monetary Liabilities	Local currency	236.9	190.2	212.2	233.2	261.2
Currency Outside Banks	Local currency	42.8	58.7	61.4	69.4	79.6
Demand Deposits	Local currency	143.1	[illegible]	140.0	185.5	186.0
TRADE						
Current prices Exports of Manufactures	US $	8.1	9.9	10.5	9.3	13.4
Current prices Exports of Nonfuel Primary Products	US $	992.7	669.1	747.1	1,131.9	1,389.2
Current prices Value of Exports	US $	1,001.0	679.3	758.2	1,141.8	1,406.6
Current prices Imports of Fuels	US $	49.7	45.1	37.1	51.1	95.0
Current prices Imports of Manufactures	US $	366.2	423.5	453.2	423.9	592.1
Current prices Imports of Nonfuel Primary Products	US $	61.5	90.3	73.1	57.1	100.3
Current prices Value of Imports, cif	US $	477.0	556.9	562.4	532.0	787.3
LOANS AND DEBT						
Long-Term Interest Payments	US $, as per IBRD DRS	30.6	38.0	40.2	93.8	51.4
Disbursements of Long-Term Loans	US $, as per IBRD DRS	362.7	54.6	145.7	319.8	205.9
Net Long-Term Loans	US $, as per IBRD DRS	321.4	3.1	57.5	29.7	122.6
Repayments on Long-Term Loans	US $, as per IBRD DRS	41.3	51.5	88.2	290.1	83.3
Identified Short-Term Debt	US $, end of year	0.0	0.0	0.0	0.0	0.0
Public/Publicly Guar. Long-Term Debt	US $, IBRD DRS - end of y	622.6	633.0	676.4	697.3	802.3
Public Long Term Debt, IBRD & IDA	US $, IBRD DRS - end of y	60.5	63.7	73.0	93.1	137.3
Public Long Term Debt, Official Creditors	US $, IBRD DRS - end of y	119.5	147.3	181.0	275.5	422.7
Public Long Term Debt, Private Creditors	US $, IBRD DRS - end of y	503.1	485.7	495.4	421.8	379.6
BALANCE OF PAYMENTS						
Net Current Transfers	US $, BoP	(146.0)	(151.4)	(134.6)	(126.4)	(127.5)
Merchandise Exports, fob	US $, BoP	942.0	671.0	760.0	,130.1	1,396.3
Exports of Goods & Services	US $, BoP	995.0	727.2	829.5	,202.9	1,479.2
Non-Factor Services Receipts	US $, BoP	17.0	25.1	49.9	57.2	52.9

DEVELOPMENT INDICATORS FOR ZAMBIA
Based Upon World Bank Data
(Values in Millions)

TITLE	1975	1976	1977	1978	1979	1980	1981	1982
NATIONAL INCOME								
Current prices General Government Consumption	435.7	501.0	525.0	537.8	633.0	781.6	986.0	995.9
Current prices Private Consumption, etc.	814.1	852.9	1,022.8	1,251.5	1,412.6	1,691.9	2,262.2	2,312.9
Current prices Domestic Absorption	1,891.8	1,805.4	2,037.8	2,326.3	2,421.6	3,186.8	3,921.5	3,911.7
Current prices Exports of Goods & NF Services	575.0	832.3	781.5	755.3	1,208.3	1,268.0	998.0	995.1
Current prices GDP at Factor Cost	1,431.7	1,720.0	1,796.6	2,004.3	2,423.4	2,842.6	3,128.1	3,251.1
Current prices Gross Domestic Product	1,583.0	1,901.7	1,986.4	2,250.7	2,660.4	3,063.6	3,485.4	3,595.3
Current prices Gross Domestic Savings	333.2	547.8	438.6	461.4	614.8	590.1	237.2	286.5
Current prices Gross National Product	1,461.4	1,747.5	1,898.3	2,109.4	2,431.8	2,835.0	3,387.5	3,376.1
Current prices Gross National Savings	129.6	313.6	[illegible]	[illegible]	362.9	197.1	8.3	40.8
Current prices Imports of Goods & NF Services	383.8	736.0	832.9	830.9	969.5	1,391.2	1,434.1	1,311.5
Current prices Fixed Investment	602.0	445.0	483.0	477.0	450.0	558.3	610.0	618.0
Current prices Gross Domestic Investment	642.0	451.5	496.0	537.0	376.0	713.3	673.3	602.9
Current prices Net Factor Income (+) or Payments	(121.6)	(154.2)	(88.1)	(141.3)	(228.6)	(228.6)	(97.9)	(219.2)
Current prices Indirect Taxes Net of Subsidies	151.3	181.7	189.8	246.4	237.0	221.0	357.3	344.2
Current prices Resource Balance	(308.8)	96.3	(51.4)	(75.6)	238.8	(123.2)	(436.1)	(316.4)
Current prices Value Added in Agriculture	207.1	276.0	325.6	360.0	397.2	435.3	553.8	492.2
Current prices Value Added in Industry	670.4	823.0	748.0	856.1	1,117.1	1,265.3	1,350.5	1,336.2
Current prices Value Added in Manufacturing	265.7	319.0	353.0	430.1	486.7	566.1	684.1	740.4
Current prices Value Added in Services, etc.	705.5	802.7	912.8	1,001.6	1,146.1	1,363.0	1,581.1	1,766.9
GOVERNMENT								
GOVERNMENT DEFICIT (-) OR SURPLUS	(240.8)	(269.9)	(261.4)	(224.5)	(241.1)	(567.5)	(449.6)	(668.2)
Government Capital Payments	256.1	169.5	207.1	[illegible]	140.9	346.1	138.6	315.7
Government Capital Receipts	0.0	0.0	0.0	6.1	0.0	0.0	0.0	0.0
Government Current Budget Balance	(84.7)	(100.4)	(54.3)	(7.2)	(106.2)	(221.4)	(311.0)	(352.5)
Government Current Expenditure	547.0	562.3	586.4	576.3	720.2	1,012.1	1,142.1	1,221.5
Government Current Revenue	462.3	461.9	532.1	569.1	614.0	790.7	831.1	869.0
MONEY								
Money Supply, Broadly Defined	568.8	724.1	804.6	750.6	949.8	1,049.1	1,123.4	1,457.9
Money as Means of Payment	330.6	400.4	392.8	396.8	516.6	519.0	563.7	689.5
Quasi-Monetary Liabilities	258.2	323.7	411.8	353.8	433.2	530.1	559.7	768.4
Currency Outside Banks	102.4	121.1	118.4	[illegible]	126.2	151.1	190.1	209.5
Demand Deposits	228.2	279.3	274.4	266.0	390.5	367.9	373.6	479.9
TRADE								
Current prices Exports of Manufactures	11.6	8.1	9.8	3.5	13.4	12.8	9.8	9.4
Current prices Exports of Nonfuel Primary Products	797.4	1,028.9	885.0	846.4	1,345.4	1,331.0	975.6	911.1
Current prices Value of Exports	811.5	1,040.5	897.4	869.2	1,375.5	1,359.5	998.0	932.0
Current prices Imports of Fuels	126.1	101.4	102.6	110.9	134.1	195.2	187.3	146.6
Current prices Imports of Manufactures	710.7	488.1	504.7	451.6	533.1	795.9	759.8	594.3
Current prices Imports of Nonfuel Primary Products	91.9	65.6	63.9	65.6	83.1	120.0	114.9	90.1
Current prices Value of Imports, cif	928.7	655.1	671.2	628.3	750.2	1,111.0	1,062.0	831.0
LOANS AND DEBT								
Long-Term Interest Payments	52.9	68.6	75.8	88.5	93.1	116.3	99.4	87.3
Disbursements of Long-Term Loans	486.8	253.9	272.9	170.9	523.8	637.2	406.7	351.4
Net Long-Term Loans	418.6	164.1	112.2	(38.4)	311.2	423.6	170.5	249.9
Repayments on Long-Term Loans	70.2	89.8	160.7	209.3	212.6	213.6	236.2	101.5
Identified Short-Term Debt	0.0	0.0	645.0	645.0	641.0	580.0	581.0	586.0
Public/Publicly Guar. Long-Term Debt	1,142.5	1,298.5	1,402.5	1,463.5	1,819.5	2,187.2	2,232.3	2,379.6
Public Long Term Debt, IBRD & IDA	182.8	252.4	292.4	319.4	335.1	346.8	349.8	358.5
Public Long Term Debt, Official Creditors	555.5	691.4	791.3	935.1	1,250.5	1,547.2	1,635.3	1,733.3

DEVELOPMENT INDICATORS FOR ZAMBIA
Based Upon World Bank Data
(Values in Millions)

TITLE	1983	1984	1985	1986
NATIONAL INCOME				
Current prices General Government Consumption	1,008.8	1,240.1	1,687.0	3,002.0
Current prices Private Consumption, etc.	2,645.5	2,779.4	4,147.0	7,497.0
Current prices Domestic Absorption	4,229.3	4,743.5	6,887.0	12,290.0
Current prices Exports of Goods & NF Services	1,280.7	1,806.9	2,628.0	5,602.0
Current prices GDP at Factor Cost	3,549.1	4,263.7	6,309.0	10,065.0
Current prices Gross Domestic Product	4,181.2	4,931.0	7,049.0	12,098.0
Current prices Gross Domestic Savings	526.9	911.5	1,215.0	1,599.0
Current prices Gross National Product	3,934.8	4,556.0	6,454.0	10,855.0
Current prices Gross National Savings	268.5	473.0	351.9	[illegible]
Current prices Imports of Goods & NF Services	1,328.8	1,619.4	2,466.0	5,794.0
Current prices Fixed Investment	615.0	[illegible]	724.5	[illegible]
Current prices Gross Domestic Investment	575.0	724.0	1,053.0	1,791.0
Current prices Net Factor Income (+) or Payments	(246.4)	(375.0)	(595.0)	(1,243.0)
Current prices Indirect Taxes Net of Subsidies	632.1	667.7	740.0	2,032.0
Current prices Resource Balance	(48.1)	187.5	162.0	(192.0)
Current prices Value Added in Agriculture	593.7	717.2	925.0	1,305.0
Current prices Value Added in Industry	1,674.9	1,907.4	2,966.0	5,785.0
Current prices Value Added in Manufacturing	829.8	1,011.6	1,392.9	2,432.0
Current prices Value Added in Services, etc.	1,912.6	2,306.4	3,158.0	5,008.0
GOVERNMENT				
GOVERNMENT DEFICIT (-) OR SURPLUS	(327.3)	(417.7)	(1,052.6)	0.0
Government Capital Payments	217.9	269.0	779.8	0.0
Government Capital Receipts	0.8	1.1	14.7	0.0
Government Current Budget Balance	(110.0)	(145.8)	(287.5)	0.0
Government Current Expenditure	1,176.6	1,258.2	1,849.9	0.0
Government Current Revenue	1,066.6	1,112.4	1,562.4	0.0
MONEY				
Money Supply, Broadly Defined	1,618.0	1,893.3	2,336.1	4,514.6
Money as Means of Payment	795.3	869.9	1,231.5	2,303.7
Quasi-Monetary Liabilities	822.7	1,023.4	1,104.7	2,210.9
Currency Outside Banks	238.8	285.6	342.5	593.4
Demand Deposits	556.5	584.3	889.0	1,710.3
TRADE				
Current prices Exports of Manufactures	8.7	10.5	20.0	21.4
Current prices Exports of Nonfuel Primary Products	976.5	862.9	785.6	697.7
Current prices Value of Exports	997.0	894.0	815.0	722.7
Current prices Imports of Fuels	121.7	152.4	149.6	91.5
Current prices Imports of Manufactures	493.6	462.0	475.0	558.6
Current prices Imports of Nonfuel Primary Products	74.7	114.2	29.0	32.7
Current prices Value of Imports, cif	690.0	729.6	653.6	682.9
LOANS AND DEBT				
Long-Term Interest Payments	75.5	58.5	42.6	54.6
Disbursements of Long-Term Loans	222.9	266.5	262.9	232.9
Net Long-Term Loans	169.2	209.0	211.4	163.7
Repayments on Long-Term Loans	53.7	57.5	51.5	69.2
Identified Short-Term Debt	429.0	388.0	507.0	900.0
Public/Publicly Guar. Long-Term Debt	2,661.2	2,750.3	3,152.3	3,574.6
Public Long Term Debt, IBRD & IDA	365.3	374.3	467.4	569.7
Public Long Term Debt, Official Creditors	2,082.5	2,201.0	2,533.5	2,991.4

DEVELOPMENT INDICATORS FOR ZAMBIA
Based Upon World Bank Data
(Values in Millions)

TITLE	UNIT	1970	1971	1972	1973	1974
Factor Service Receipts	US $, BoP	40.0	31.1	19.5	15.5	30.1
Factor Service Payments	US $, BoP	87.0	92.3	122.7	146.6	164.8
Merchandise Imports, fob	US $, BoP	487.0	561.7	565.7	538.8	791.3
Imports of Goods & Services	US $, BoP	745.0	823.4	903.3	946.6	1,336.1
Non-Factor Services Payments	US $, BoP	171.0	169.5	215.0	261.1	380.0
Increase (-) in Reserves	US $, BoP	(136.6)	263.4	146.4	13.6	(26.0)
Other Net Long-Term Inflows	US $, BoP	(163.4)	(330.1)	13.2	(91.7)	(108.2)
Current Account Balance	US $, BoP	108.0	(247.7)	(208.5)	129.9	15.6
Net Foreign Direct Investment	US $, BoP	(297.0)	0.0	29.3	32.2	38.5
Net Long-Term Capital Inflow	US $, BoP	(139.0)	(327.0)	102.1	(29.8)	52.9
Other Net Capital Inflows	US $, BoP	167.6	311.3	(40.0)	(113.8)	(42.6)
INDICIES						
Terms of Trade Index	US dollar-based	314.0	186.2	164.7	240.4	171.6
Constant price Exports, fob	1980 US $	1,587.4	1,425.3	1,562.6	1,406.8	1,483.0
Constant price Imports, cif	1980 US $	2,375.3	2,207.2	1,512.3	1,575.9	1,424.5
Domestic Absorption Deflator	1980=100	30.1	32.3	34.1	36.2	40.3
GDP Deflator	1980=100	47.7	44.5	46.2	55.0	61.3
Agricultural Value Added Deflator	1980=100	36.5	40.3	43.2	45.6	48.4
Industrial Value Added Deflator	1980=100	66.0	51.5	52.1	68.7	76.4
Manufacturing Real Output per Employee	1980=100	109.7	118.3	126.1	125.9	123.8
Manufacturing Real Earnings per Employee	1980=100	128.4	132.3	133.0	138.8	134.7
Fuel Export Price Index	1980=100, US dollar-based	4.3	5.6	6.2	8.9	36.7
Manufactures Export Price Index	1980=100, US dollar-based	37.5	36.5	38.5	49.5	67.2
Nonfuel Primary Products Export Price Index	1980=100, US dollar-based	63.6	48.0	48.9	81.9	95.7
Export Price Index, fob	1980=100, US dollar-based	63.1	47.7	48.5	81.2	94.8
Import Price Index, cif	1980=100, US dollar-based	20.1	25.3	29.5	33.8	55.3
Conversion Factor, Annual Average	Local currency per U.S. d	0.7	0.7	0.7	0.7	0.6

DEVELOPMENT INDICATORS FOR ZAMBIA
Based Upon World Bank Data
(Values in Millions)

TITLE	1975	1976	1977	1978	1979	1980	1981	1982
Public Long Term Debt, Private Creditors	587.0	607.1	611.2	528.4	569.0	640.0	597.0	646.3
BALANCE OF PAYMENTS								
Net Current Transfers	(127.5)	(110.8)	(81.7)	(62.0)	(105.0)	(208.5)	(150.8)	(26.6)
Merchandise Exports, fob	802.6	1,028.7	896.7	830.6	1,407.9	1,456.9	996.3	941.1
Exports of Goods & Services	880.3	1,122.2	973.7	951.8	1,534.6	1,624.7	1,169.5	1,076.7
Non-Factor Services Receipts	65.6	83.1	73.6	112.8	115.6	151.5	152.5	[illegible]
Factor Service Receipts	12.1	10.4	3.5	8.4	11.1	16.3	20.4	15.1
Factor Service Payments	128.7	157.0	127.8	162.1	180.5	221.3	176.6	203.4
Merchandise Imports, fob	947.0	668.5	683.0	617.9	756.1	1,114.0	[illegible]	[illegible]
Imports of Goods & Services	1,474.0	1,136.0	1,109.1	1,167.5	1,392.6	1,986.3	1,526.4	1,615.3
Non-Factor Services Payments	398.2	310.6	288.4	407.5	456.1	651.0	534.4	4[illegible]5.4
Increase (-) in Reserves	70.5	52.7	38.2	184.1	167.9	3.6	409.1	(62.7)
Other Net Long-Term Inflows	(85.9)	(92.5)	(109.9)	14.7	(114.2)	(297.2)	423.8	(91.0)
Current Account Balance	(721.2)	(124.7)	(217.2)	(237.7)	36.8	(569.9)	(761.2)	(565.4)
Net Foreign Direct Investment	37.6	31.2	17.5	38.6	35.1	61.7	(38.4)	39.0
Net Long-Term Capital Inflow	370.3	102.8	19.8	14.9	232.2	220.6	563.4	197.8
Other Net Capital Inflows	280.4	(20.8)	159.1	93.8	(376.9)	345.7	(231.2)	[illegible]
INDICIES								
Terms of Trade Index	100.6	111.3	95.5	91.0	105.7	100.0	79.8	70.9
Constant price Exports, fob	1,400.0	1,604.3	1,476.4	1,386.7	1,514.0	1,359.5	1,227.2	1,245.5
Constant price Imports, cif	1,611.9	1,124.0	1,054.7	906.[illegible]	894.0	1,111.0	1,042.0	[illegible]
Domestic Absorption Deflator	44.3	52.8	65.0	76.2	84.0	100.0	117.5	132.6
GDP Deflator	52.6	59.5	65.1	73.4	89.5	100.0	107.2	113.7
Agricultural Value Added Deflator	48.0	59.8	69.6	77.4	89.5	[illegible]	[illegible]	[illegible]
Industrial Value Added Deflator	51.4	61.4	59.9	[illegible]	90.3	100.0	[illegible]	101.2
Manufacturing Real Output per Employee	114.5	[illegible]	104.3	[illegible]	[illegible]	100.0	111.8	[illegible]
Manufacturing Real Earnings per Employee	[illegible]	121.4	119.4	[illegible]	102.6	100.0	109.0	103.5
Fuel Export Price Index	25.7	38.4	[illegible]	42.3	61.0	100.0	112.5	[illegible]
Manufactures Export Price Index	66.1	66.7	71.7	76.1	90.0	100.0	99.1	94.8
Nonfuel Primary Products Export Price Index	58.0	65.0	60.8	63.4	91.4	100.0	80.9	68.8
Export Price Index, fob	58.0	64.9	60.8	[illegible]	90.4	100.0	[illegible]	[illegible]
Import Price Index, cif	57.6	58.3	63.6	69.2	85.9	100.0	101.9	97.7
Conversion Factor, Annual Average	0.6	0.7	0.8	0.8	0.8	0.8	0.9	0.9

DEVELOPMENT INDICATORS FOR ZAMBIA
Based Upon World Bank Data
(Values in Millions)

TITLE	1983	1984	1985	1986
Public Long Term Debt, Private Creditors	578.7	549.3	618.8	583.2
BALANCE OF PAYMENTS				
Net Current Transfers	(9.6)	(35.4)	(98.4)	(64.1)
Merchandise Exports, fob	923.0	892.6	797.2	687.1
Exports of Goods & Services	1,024.6	972.6	866.9	735.2
Non-Factor Services Receipts	98.8	75.3	69.1	45.8
Factor Service Receipts	2.9	4.7	1.6	1.3
Factor Service Payments	241.0	187.4	217.2	302.2
Merchandise Imports, fob	711.0	612.1	571.4	515.9
Imports of Goods & Services	1,285.7	1,090.0	1,043.1	1,015.4
Non-Factor Services Payments	333.7	290.5	254.5	195.3
Increase (-) in Reserves	66.7	135.1	(145.4)	101.2
Other Net Long-Term Inflows	(69.2)	(115.1)	41.[illegible]	[illegible]
Current Account Balance	(270.8)	(152.5)	(274.6)	(345.0)
Net Foreign Direct Investment	25.8	17.1	[illegible]	[illegible]
Net Long-Term Capital Inflow	125.7	111.0	323.7	(113.5)
Other Net Capital Inflows	76.4	(93.6)	56.3	[illegible]
INDICIES				
Terms of Trade Index	77.9	70.1	71.5	70.0
Constant price Exports, fob	1,345.6	1,353.9	1,223.2	1,119.0
Constant price Imports, cif	725.7	783.1	711.5	740.3
Domestic Absorption Deflator	155.0	168.7	224.6	427.2
GDP Deflator	134.9	159.7	225.[illegible]	[illegible]54.1
Agricultural Value Added Deflator	131.7	150.7	187.7	250.3
Industrial Value Added Deflator	130.9	152.5	235.1	4[illegible]1.7
Manufacturing Real Output per Employee	98.0	91.1	80.2	[illegible]
Manufacturing Real Earnings per Employee	95.6	89.0	72.3	[illegible]
Fuel Export Price Index	92.5	90.2	67.5	45.0
Manufactures Export Price Index	90.7	89.3	89.0	10[illegible].2
Nonfuel Primary Products Export Price Index	73.7	64.9	[illegible]	64.0
Export Price Index, fob	74.0	65.3	66.6	64.6
Import Price Index, cif	95.1	93.2	93.2	92.2
Conversion Factor, Annual Average	1.3	1.8	2.7	7.3

SOCIAL INDICATORS FOR ZAMBIA
Based Upon World Bank Data

TITLE	UNIT	1970	1971	1972	1973	1974	1975
LAND							
Total land area	SQ KILOM.	753	753	753	753	753	753
Total agricultural land	SQ KILOM.	400	400	400	400	400	400
Arable land	SQ KILOM.	49	50	50	50	50	50
Pasture land	SQ KILOM.	350	350	350	350	350	350
POPULATION							
Total population, (interp series)	NUMBER	4,159,001	[illegible]	4,421,001	4,559,001	4,700,001	4,846,001
Population, female	NUMBER	2,093,227	2,158,291	2,225,376	2,294,985	[illegible]	2,439,773
Population, male	NUMBER	2,065,775	[illegible]	2,195,626	2,264,016	2,333,886	2,406,229
Population, age 0-14	NUMBER	1,936,471	2,000,396	2,066,408	2,134,956	[illegible]	2,278,004
Population, age 15-64	NUMBER	2,117,425	2,178,285	2,240,888	2,305,726	2,371,775	2,440,032
Population, age 65+	NUMBER	105,107	[illegible]	113,706	116,293	123,024	127,966
Urban population total	NUMBER	[illegible]	1,358,478	1,450,088	1,548,172	1,652,432	[illegible]
Urban population as % total	PERCENT	31	32	33	34	35	36
Agriculture population density	NUMBER	10,411	10,725	11,058	11,403	11,754	12,115
DEMOGRAPHIC CHARACTERISTICS							
Crude birth rate, (interp series)	NUMBER	49	49	49	49	49	49
Crude death rate (interp series)	NUMBER	19	18	18	18	17	17
Infant mort rate, age 0-1 (interp series)	NUMBER	106	103	100	99	98	96
Child mort rate, age 1-4 (interp series)	NUMBER	26	25	24	24	23	23
Life expectancy, total	NUMBER	46	47	47	48	48	48
Life expectancy, males (interp series)	NUMBER	45	45	45	46	47	47
Life expectancy, female	NUMBER	48	49	49	49	50	[illegible]
Total fertility rate (interp series)	NUMBER	7	7	7	7	7	7
Contraceptive users	NUMBER	0	0	0	0	0	0
Persons per household	NUMBER	[illegible]	0	0	0	0	0
HEALTH AND NUTRITION							
Number of physicians	NUMBER	[illegible]	0	0	0	0	0
Population per physician	NUMBER	14	0	0	0	0	0
Number of nurses	NUMBER	0	[illegible]	0	0	0	0
Population per nurse	NUMBER	0	2	0	0	0	0
Number of hospital beds	NUMBER	[illegible]			0	0	0
Pop per hospital bed	NUMBER	0	0	0	0	0	0
Daily calorie intake	NUMBER	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	2,224
Daily calorie requirement	NUMBER	0	0	0	0	0	0
Daily protein supply (gms)	NUMBER	63	64	66	62	64	66
% Urban dwellings w/electricity	PERCENT	0	0	0	0	0	0
Safe water access as % of population	PERCENT	37	0	0	0	0	42
Safe water, rural	PERCENT	[illegible]	0	0	0	0	15
Safe water, urban	PERCENT	70	0	0	0	0	86
EDUCATION							
Gross enrollment ratio	PERCENT	90	0	0	0	0	97
Gross enrollment ratio, male	PERCENT	99	0	0	0	0	[illegible]
Gross enrollment ratio, female	PERCENT	80	0	0	[illegible]	0	88
% Pups reaching grade 6	PERCENT	0	0	0	78	0	[illegible]
Illiterate population as % pop age 15+	PERCENT	0	0	0	[illegible]	0	0
EMPLOYMENT							
Labor force size	NUMBER	1,465,001	1,505,001	1,545,001	1,585,001	1,625,001	1,665,001
Labor participation rate	PERCENT	35	0	0	0	0	34
Male labor participation rate	PERCENT	51	0	0	0	0	50
Female labor participation rate	PERCENT	19	0	0	0	0	19
Female labor force as % total labor force	PERCENT	29	29	29	29	28	28
Labor in agriculture as % total	PERCENT	77	76	76	75	75	75
Labor in industry	PERCENT	9	9	9	9	9	9
Labor in services	PERCENT	15	15	15	15	16	16

SOCIAL INDICATORS FOR ZAMBIA
Based Upon World Bank Data

TITLE	1976	1977	1978	1979	1980	1981	1982
LAND							
Total land area	753	753	753	753	753	753	753
Total agricultural land	400	400	401	401	401	402	402
Arable land	50	50	51	51	51	52	52
Pasture land	350	350	350	350	350	350	350
POPULATION							
Total population, (interp series)	4,997,001	5,152,001	5,312,001	5,477,001	5,647,001	5,844,001	6,048,001
Population, female	2,515,803	2,593,847	2,674,410	2,757,490	2,878,[illegible]	2,9[illegible]	3,0[illegible],649
Population, male	2,481,199	2,558,155	2,637,592	2,719,512	2,769,001	2,869,206	2,954,353
Population, age 0-14	2,367,602	2,460,075	2,555,927	2,655,193	2,756,577	2,846,729	2,9[illegible]
Population, age 15-64	2,500,741	2,561,799	2,624,881	2,689,554	2,757,029	2,846,987	2,942,156
Population, age 65+	129,[illegible]	130,128	131,194	132,254	133,396	13[illegible]	14[illegible]
Urban population total	1,878,795	2,000,849	2,13[illegible]	2,269,437	2,416,917	2,553,167	2,69[illegible],706
Urban population as % total	38	39	40	42	43	44	46
Agriculture population density	12,490	12,877	13,261	13,670	14,060	14,553	15,061
DEMOGRAPHIC CHARACTERISTICS							
Crude birth rate, (interp series)	49	49	49	49	49	50	50
Crude death rate (interp series)	17	17	16	16	15	15	15
Infant mort rate, age 0-1 (interp series)	95	94	93	92	90	89	88
Child mort rate, age 1-4 (interp series)	22	22	21	21	20	20	19
Life expectancy, total	49	49	49	50	50	50	51
Life expectancy, males (interp series)	47	48	48	48	49	49	49
Life expectancy, female	51	51	51	52	52	52	52
Total fertility rate (interp series)	7	7	7	7	7	7	7
Contraceptive users	0	1	0	0	0	0	0
Persons per household	0	0	0	0	0	0	0
HEALTH AND NUTRITION							
Number of physicians	0	0	0	0	0	821	0
Population per physician	0	0	0	0	8	7	0
Number of nurses	0	0	0	0	0	[illegible],550	0
Population per nurse	0	0	0	0	0	1	0
Number of hospital beds	0	0	0	0	0	[illegible],675	0
Pop per hospital bed	0	0	0	0	0	0	0
Daily calorie intake	2,745	2,352	2,219	2,231	2,227	2,152	2,112
Daily calorie requirement	0	2,310	0	0	0	0	0
Daily protein supply (gms)	66	66	62	61	60	56	57
% urban dwellings w/electricity	0	0	0	0	0	0	0
Safe water access as % of population	0	0	0	0	0	0	0
Safe water, rural	0	0	0	0	0	0	0
Safe water, urban	0	0	0	0	0	0	0
EDUCATION							
Gross enrollment ratio	0	95	95	95	98	97	98
Gross enrollment ratio, male	0	103	102	101	103	102	103
Gross enrollment ratio, female	0	88	88	89	92	92	93
% Pups reaching grade 6	0	0	0	0	82	0	80
Illiterate population as % pop age 15+	0	0	0	0	0	0	0
EMPLOYMENT							
Labor force size	1,714,401	1,763,801	1,813,201	1,862,601	1,912,001	1,978,201	2,044,401
Labor participation rate	0	0	0	0	34	0	0
Male labor participation rate	0	0	0	0	50	0	0
Female labor participation rate	0	0	0	0	18	0	0

SOCIAL INDICATORS FOR ZAMBIA
Based Upon World Bank Data

TITLE	1983	1984	1985	1986
LAND				
Total land area	753	753	753	0
Total agricultural land	402	402	0	0
Arable land	52	52	0	0
Pasture land	350	350	0	0
POPULATION				
Total population, (interp series)	6,259,001	6,478,001	6,7[illegible]	6,946,001
Population, female	3,172,070	3,276,548	[illegible]	0
Population, male	3,051,932	3,152,454	[illegible]	0
Population, age 0-14	3,035,997	3,135,074	[illegible]	0
Population, age 15-64	3,039,703	3,140,339	[illegible]	0
Population, age 65+	149,282	153,589	[illegible]	
Urban population total	2,839,301	2,995,835	[illegible]	0
Urban population as % total	47	48	48	0
Agriculture population density	15,536	16,131	0	0
DEMOGRAPHIC CHARACTERISTICS				
Crude birth rate, (interp series)	49	49	49	0
Crude death rate (interp series)	0	0	15	0
Infant mort rate, age 0-1 (interp series)	87	85	84	0
Child mort rate, age 1-4 (interp series)	0	15	15	0
Life expectancy, total	51	52	52	0
Life expectancy, males (interp series)	0	0	[illegible]	0
Life expectancy, female	0	0	54	0
Total fertility rate (interp series)	7	7	7	0
Contraceptive users	0	0	0	0
Persons per household	0	0	0	0
HEALTH AND NUTRITION				
Number of physicians	0	0	0	
Population per physician	0	0	0	0
Number of nurses	0	0	0	0
Population per nurse	0	0	0	0
Number of hospital beds	0	0	0	0
Pop per hospital bed	0	0	0	0
Daily calorie intake	2,104	2,137	[illegible]	0
Daily calorie requirement	0	0	0	0
Daily protein supply (gms)	56	57	55	0
% Urban dwellings w/electricity	0	0	0	0
Safe water access as % of population	0	48	0	0
Safe water, rural	0	32	0	0
Safe water, urban	0	70	0	0
EDUCATION				
Gross enrollment ratio	101	102	0	0
Gross enrollment ratio, male	106	0	0	0
Gross enrollment ratio, female	96	0	0	0
% Pups reaching grade 6	0	0	0	0
Illiterate population as % pop age 15+	0	0	0	0
EMPLOYMENT				
Labor force size	2,110,601	2,176,801	2,243,001	2,323,201
Labor participation rate	0	0	34	0
Male labor participation rate	0	0	49	0
Female labor participation rate	0	0	[illegible]	0

SOCIAL INDICATORS FOR ZAMBIA
Based Upon World Bank Data

TITLE	1976	1977	1978	1979	1980	1981	1982
Female labor force as % total labor force	28	28	27	27	27	28	28
Labor in agriculture as % total	75	74	74	74	73	0	0
Labor in industry	9	9	10	10	10	0	0
Labor in services	15	16	17	17	17	0	0

SOCIAL INDICATORS FOR ZAMBIA
Based Upon World Bank Data

TITLE	1983	1984	1985	1986
Female labor force as % total labor force	28	28	28	28
Labor in agriculture as % total	0	0	0	0
Labor in industry	0	0	0	0
Labor in services	0	0	0	0

ZIMBABWE:

ECONOMIC POLICY PROFILE

1. LIBERALIZATION STRATEGY OVERVIEW(1)

At Independence in 1980 Zimbabwe faced the complex task of recovering from the war, reversing the structure of an economy designed to exploit the majority, and providing for resettlement and rehabilitation. Thus, a program of "Growth with Equity" was established to guide development efforts. The Transitional National Development Plan for 1982/83 - 1984/85 sought to start a process of fundamental transformation of the economy by reducing socio-economic dualism, evolving new patterns of production and consumption based on the needs of the people, spreading the benefits of economic growth by expanding employment opportunities, extending social services, and opening up participation in enterprise management.

During 1980 and 1981, the first two years after Independence, Zimbabwe experienced unprecedented rates of economic growth. GDP, which in 1979 was 12% below the 1974 level, grew in 1980 and again in 1981 by 16%. This reflected an improvement in 1980 in the terms of trade by 24%, as well as rapid growth in investment and consumption. A Government relaxation of foreign exchange allocations brought in higher

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(1) The discussion in this paper is based upon analyses and documents of the Government of Zimbabwe, the World Bank, the International Monetary Fund and U.S. A.I.D., as well as discussions with officials in Zimbabwe. It is intended to provide an overview of issues and progress concerning economic management of Zimbabwe's economy and to assist U.S. A.I.D. in considering a five year development strategy for Southern Africa.

levels of capital and intermediate goods, which allowed the manufacturing and service sectors to grow by some 15%. Good weather in 1981 stimulated higher agricultural output, while the terms of trade improved by another 11%. Consumption and investment demand expanded in a liberalized environment of higher foreign exchange allocations. But imports rose without a corresponding increase in exports, resulting in a current account deficit in the balance of payments of some 12% of GDP in 1981. Inflation rose 13% in 1981, partly due to high Government deficits, causing a 10% real appreciation of the Zimbabwe dollar. The fast-growing domestic demand for product and slowly eroding competitive position of Zimbabwe with the outside world resulted in an actual decline of manufactured exports of 29% by the end of 1981.

In 1982 conditions worsened. The terms of trade deteriorated by 3%, with export earnings declining some 5% (measured in US dollars). The balance of payments current account deficit once again was equivalent to 15% of GDP. The Central Government deficit stood at 10% of GDP. In the face of these disturbing trends, a stabilization effort was essential. Tax increases, cuts in Government expenditure, a tightening of control over domestic credit, and a general wage freeze were used to reduce domestic demand. The resulting contraction reduced GDP by 0.6%. One of the worst droughts on record resulted in a fall of agricultural value added by 6% in 1983.

Faced with the deterioration of the economic situation, additional stabilization efforts were adopted. The Zimbabwean dollar was devalued 20% in December, 1982, followed by a succession of additional small adjustments so that during 1983 the real value of the dollar decreased some 11% in real terms. To stimulate exports the export credit period for industrial products was extended from 3 to 6 months. Also an export revolving fund was established to provide producers with imported components of exports, thus helping to remove the foreign exchange constraint from production of manufactured exports. The balance of payments current account deficit was reduced by sharply cutting foreign exchange allocations (some 30% in real terms). These moves resulted in some improvement, with manufactured exports increasing 11% in 1983 and 26% in 1984.

1985 brought a major agriculture-led recovery, but 1986 saw overall economic stagnation and continued decline in fixed capital investment. Foreign exchange allocations in 1987 were sharply cut back, thereby stagnating manufacturing production with its consequent impacts on higher unemployment and reduced investment. Continued drought conditions caused declines in agricultural output and income. The budget deficit for 1986/87 was some 11% of GDP, and expected to be 9% for 1987/88. Commercial bank loans of UK pounds 90 million provided some relief for foreign exchange demand, but did not resolve the underlying shortages or causal conditions.

In general, since Independence, Zimbabwe has experienced an unstable pattern of economic activity. Starting with a major boom in 1980-81, there followed a recession during 1982-84, a sharp but short lived recovery in 1985, with subsequent recession into 1988. Fixed investment did not recover in 1985, but rather has fallen steadily since the 1980-81 boom. Agricultural output has been highly variable and contributed to the 1985 boom. But much of the underlying variation in economic conditions has stemmed from the types of macroeconomic adjustments undertaken.

Firm control over external imbalances in the current account (from 11% of GDP in 1982 to 2% in 1986) was combined with large deficits in the consolidated public sector (including parastatals) of over 13% of GDP. This was managed with a moderate inflation rate of 10-15% and an absence of instability in domestic monetary developments. While immediate post-independence pressures required large government expenditures (to redress severe inherited inequities in public services and human capital, and more recently due to defense requirements in Mozambique), taxes effectively raised sufficient revenue to increase shares from 24% of GDP in 1980/81 to 32% in 1986/87. However, high levels of taxation and a large deficit substantially inhibit fiscal policy as a means of stabilization.

Macroeconomic management has been strong outside of the public sector deficit area. This has included management of foreign exchange allocations, monetary management and wage and pricing policy. Much of the impetus for this sound management comes from a desire to avoid unmanageable external debt burdens. The country shifted from being a major net user of foreign capital from 1980-83 to being a net exporter of capital by 1986. The 1980-83 borrowing stemmed from overly optimistic expectations for exports, terms of trade gains and official capital, leaving a current external debt service ratio of some 35% of exports in 1987. However, Zimbabwe is not highly indebted and the burden is scheduled to fall in the next few years.

Key to the macroeconomic strategy of high public sector deficits and firm control over the balance of payments is the exchange allocation system. Controls over the capital account retain private savings balances in Zimbabwe while manipulation of the foreign exchange allocations maintain the current account and add to private sector saving while holding private sector investment down. Thus, private sector savings exceeded private investment by some 3% in 1981/82 but by 10% of GDP in 1985/86. The financial system has funnelled this surplus saving into Government debt. With the economy closed to external transactions due to capital controls, the high level of savings has moderated the interest rate while allowing it to be market-determined (which has often mean negative real interest rates).

This approach to stabilization inhibits future growth, with much of the burden falling on investment by the private productive sectors in fixed capital. The pattern of instability in real economic activity alone would depress business expectations, but of more importance has been the severe rationing of foreign exchange. Maintenance of the real level of capital stock can barely be maintained, in a situation where high levels of renewal and new investment are required if there is to be future growth.

Growth in the past has depended upon a steady surplus from the primary sectors and rapid expansion of import substitution opportunities in manufacturing. Future growth must come from a more outward looking response to export opportunities. Future growth will likewise require high levels of investment to expand efficient sectors and create new job opportunities.

In this situation Government is searching for a new mix of strategies and tools to regain past levels of economic growth and stimulate job creation. There has been an impasse of sorts with multilateral donors since mid-1986, when the World Bank held up a second structural adjustment loan. Differences between the Bank and Zimbabwe apparently revolved around liberalization of the import regime, reduction of the public deficit and other matters.

On the Government side the Ministry of Finance, Economic Planning and Development is thinking its way through the preparation of a comprehensive program of adjustments aimed at achieving a satisfactory growth in per capita income. Central to this strategy will be a study of the options for trade liberalization. Also under study are ways to reduce the budget deficit and the implications of external financing on the program.

2. KEY POLICY ELEMENTS

2.A. Exchange Rate Management

Zimbabwe has had a good record of exchange rate management among countries in Sub-Saharan Africa. It has not been pegged to one currency, but rather administered as a flexible exchange rate with frequent adjustments. However, it is combined with virtually complete control over the allocation of foreign exchange, indicating that there is excess demand and a degree of overvaluation. The need to limit overall demand for foreign exchange and direct its uses to priority activities is symptomatic of overvaluation. One indication of excess demand is the annual demand for foreign exchange which far exceeds available supply. Another indication stems from past attempts at liberalization of allotments, when the supply was exhausted and international reserves were diminished. The continual complaint of producers is that foreign exchange is not available in adequate quantities, with resulting drops in capacity utilization. This indicates that the exchange rate would need to be adjusted substantially before it could act to ration available supply among demanders willing to pay the domestic currency equivalency.

2.B. Import Administration

Equilibrium in the external accounts is achieved by rationing foreign exchange. For imports this is achieved by an elaborate administrative rationing procedure which uses a 6 month projection of the balance of payments within a rolling 4 year time horizon to establish available foreign exchange. After deducting legally committed uses (debt service and profit remittances) and providing for sufficient foreign exchange reserves, the remainder is available for allocation first to priority uses (such as fuel, medicines, tires, etc.) and then to sectors and entities in agriculture, mining, manufacturing,and commerce.

The experience of some 20 years in operating this tight system (dating back to the UDI in Rhodesia) has produced bureaucrats capable of making decisions within the guidelines and rules, and an importing sector largely skilled at taking maximum advantage of the system. Based heavily upon historical shares, it provides a built-in advantage to those importers with prior access, without direct consideration of the relative efficiency of use by established vs. new demanders of imports. But the system has inherent problems. The allocative system, distorts investment decisions towards import intensive production where access is allowed. It deprives other sectors of vital foreign exchange, reducing capacity utilization and employment. And it inhibits economic growth through new enterprises.

Another consequence of the coupling of the allocation system with the tariff structure is high to absolute levels of protection for existing producers. Given the efficiency of the allocation system and lack of a significant black market, the quotas established for imported goods through the licensing system provide high levels of effective protection. This protection is guaranteed by actions to prevent importation of goods which compete with domestic import substitutes and to deny new investments which would compete through domestic production with established producers. It has led to high degrees of industrial concentration and necessitates price controls to reduce monopoly profits.

There is a wide-spread and vocal "vested interest" which basically does not wish to see the current administrative system dismantled and replaced by a more realistic exchange rate. Given the necessity of creating the system as part of UDI in Rhodesia, and the relatively short time since Independence, this is understandable. However, it means that Government itself must be its own challenging critic to assure that the import allocation system is truly in the best interests of the country at large and not just of established vested interests.

2.C. Export Policies

Zimbabwe offers several incentives to exporters. One is an import duty drawback for industrial firms which export, covering both the basic duty and the import surtax of 20%. Such a measure should place production and pricing on a base as if there were no import duty. In practice, however, time delays in receiving rebates and the cost of borrowing during that delay add costs that would be eliminated if duty had not been levied in the first instance. An export subsidy of 9% applicable to all manufactured goods acts to raise the effective exchange rate received by exporters.

By far the most visible export incentive has been the Export Revolving Fund. In fact, rather than being an incentive, it is more correctly simply the avenue by which producers receive necessary imported inputs. If one starts from the assumption that producers have a right to inputs for production, then providing these necessary inputs (in this case from abroad) is not an incentive. But considering the scarcity of foreign exchange and the overvalued exchange rate, priority of access based upon export performance has served as an incentive, one that has skewed production toward export production and contributed to domestic shortages. The necessity now to create a supplemental allocation of imports to exporters so that they can obtain imports for domestic production indicates the distortions introduced by this means of allocating foreign exchange.

The decision to create additional revolving funds for mining and agriculture recognizes that basic import requirements are not being met from the allocation process. Special criteria (in this case export performance) must be made explicit in the face of a breakdown in the general allocation system's ability to cater for the complex and diverse import requirements of the economy. It is predictable that there will be more splintering and specialization of the import allocation system to cater to groups found inadequately supplied through the regular allocation quotas. The alternative, one apparently under some consideration by Government, is to place more weight on the exchange rate to allocate available supplies and reduce administrative intervention. A real test of the reform process will be the willingness to move away from administrative intervention and depend on indirect macroeconomic controls. Such steps are necessary in an evolving economy that becomes ever more complex, but are only reluctantly agreed to by vested interests and Governments that feel most comfortable directly controlling the economy.

2.D. Industrial Policies

The manufacturing sector is highly developed and well diversified. It produces nearly all types of consumer goods as well as many producer goods. Chemicals, primary metals, metal products and machinery and equipment together account for more than 40% of total manufacturing output. The sector employs some 180,000 people, over 15% of formal sector employment and contributes nearly a quarter of GDP.

The future performance of the manufacturing sector will be critical to overall economic development. For successful adjustment of the economy, manufacturing should be a leading sector in growth of output and employment and as a source of net foreign exchange earnings. Performance will depend upon a significant expansion in non-traditional manufacturing exports and, especially over the longer term, continued selective and efficient import replacement in the intermediate and capital goods industries. The reasonably efficient character of much of the sector provides an important base for future growth, but there are also some major areas of uncertainty. The shift toward higher exports, and probable changes in production for the domestic market, will likely require significant industrial restructuring. Also much of the capital stock is old and in need of replacement. The key issue will be formulating a policy environment conducive to appropriate new investment activity.

In Zimbabwe's First Five Year National Development Plan: 1986-1990, manufacturing is given a key role in changing the structure of the economy and for achieving rapid and sustained overall economic growth and development. The industrialization strategy is based on the long-term objective of using locally produced raw materials in production. Government will play an important role in guiding and encouraging this industrial development and redirection through increased participation in the manufacturing sector. This is a priority strategy because it is a key sector in overall economic development and the decisive sector in the physical restructuring of the economy.

Also Government intends to control industries which are deemed strategic to socio-economic development, with priority given to the establishment of new industries in the intermediate and capital goods sectors because they are crucial to the establishment of an integrated industrial base.

2.E. Price Regulation

Inherently a part of the macroeconomic package of controls on the economy, price regulation stems directly from the foreign exchange allocation system and the lack of adequate competition in domestic markets. But well-meaning, price controls create other problems, and are not equally effective in controlling all prices. They are based largely on a cost-plus basis, driving a wedge increasingly between domestic and international prices and denying the economy relevant measures of efficiency according to world standards. These combine to make domestic prices high and therefore the domestic market relatively more lucrative than the export market. A combination of exchange controls, investment policies oriented towards import substitution, and price controls create a strong financial impetus towards domestic as opposed to export activity. This can be said even with the apparent strong response of manufacturers to the export revolving fund; largely they have been using existing capacity to produce for export in order to gain access to imports. Pricing of their produce may well be on a marginal cost basis with the lucrative domestic market absorbing part of the cost of production. This creates a situation where domestic consumers and government (in the case of parastatals with deficits) can end up subsidizing foreign consumption.

The price control system is elaborate, similar to the exchange control system, largely deriving from the same historical forces. The strictest control covers basic consumer goods as well as key intermediate inputs and motor vehicles, whose prices can be changed only with prior ministerial and Cabinet approval. The next group of goods is also strictly controlled but change requires only ministerial approval. A third group is covered by prices approved by the Ministry of Trade and Commerce following a pricing formula, which can be applied to change prices as needed. A fourth group of essential and popular consumer goods are subject to maximum mark-ups at the wholesale and retail level. Finally, there is a fifth group covering all other goods for which the mark-up is limited to that which existed in December, 1981. Goods escaping price control include export goods, items sold at public auction, second hand goods and a few other categories of commodities.

2.F. Fiscal Policies

The fiscal deficit is a key part of the macroeconomic framework and affects trade development in several ways. Improved public savings and less recourse to public sector borrowing are necessary if investment is to rise without pressure on the interest rate or on external borrowing. The First Five Year National Development Plan recognizes this requirement and sets a goal to reduce the budget deficit from 10% of GDP in 1985/86 to 6% in 1990/91. But there has been no trend to reduce the deficit since Independence. As long as the large deficit continues, fiscal policy cannot be used adequately to manage the economy through indirect controls. Moreover, a much larger burden is placed on the exchange control system (as well as price and wage controls).

The expenditure strategy has involved heavy public investment in improving the welfare and human capital of the population, as well as reorientation of agricultural services towards small holders. But the benefits from this strategy will accrue only over the long run, while the costs appear immediately. Given the policy of holding down external resource transfers (capital inflows) these large deficits reduce the share of national resources going into private investment at the same time that private savings has risen (going into public investment on top of public savings through taxation).

Typically there is less room to operate on the deficit through tax increases than through expenditure cuts. The historical rates of taxation are high and leave only some room to increase efficiency of tax collection as well as expand the base and raise the rates. Parastatal losses are one area where Government can seek recourse to cutting expenditures. Improved management and divestiture as well as reduced explicit subsidiesthrough parastatals are options which can make substantial cuts in public expenditures. This is a difficult part of the macroeconomic package to reform because it is so visible and direct in its impact on those taxed and those subsidized, each having intense interests in changes made.

2.G. Financial Sector Policies

Interest rates and credit allocations both stem directly from financial and monetary policies. In Zimbabwe there is no intervention in the allocation of credit to the private sector and short-run monetary management by the Reserve Bank has maintained stable nominal interest rates. Financing of the fiscal deficit has come through a diversion of investment from private to public uses, rather than through monetary expansion and resulting inflationary pressures. But it is this "crowding out" effect of a combined responsible monetary policy of restraint and a high fiscal deficit which slows investment in the private sector. Growth of job opportunities and the ability to take advantage of external opportunities to export both suffer in a tight credit situation. Investment policy and approval criteria add to constraining investment decisions, as does the lack of foreign exchange for expansion purposes. A loosening of credit availability and more credit flows to new and non-traditional borrowers and sectors will be necessary if the growth targets are to be met.

2.H. Other Policies

Agriculture is the foundation of the economy, with over 70% of the population living in rural areas and deriving their livelihood from farming. In addition, the growth of the economy is largely conditioned by the performance of the agricultural sector. In addition to providing more than 90% of all food requirements, it accounts for some 41% of total merchandise exports. Thus meaningful development must place the agricultural sector as one center piece of development strategy. The Five-Year Plan calls for agricultural output to grow at 5% per year, which is well above the Plan's projected average rate of population growth of 2.76%. This level of output would enable the country to increase its export of agricultural products by 6-7% annually and also to increase the processing of agricultural raw materials. Employment in the agricultural sector is expected to grow by an annual rate of 2.2%, mainly in sub sectors using labor-intensive production techniques such as horticulture.(2)

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(2) Republic of Zimbabwe, First Five-Year National Development Plan - 1986-1990, Volume I, April, 1986, p. 25.

The technical potential for future growth of agricultural output is considerable and there are many possibilities for increasing agricultural output through the introduction of new crops. But acceleration of the growth of agricultural output is likely to require further capital investment, including injections of foreign exchange to allow farmers to replace old capital stock. Also if agricultural growth is to be widespread and benefit the majority of the population, then the geographical patterns of production will need to change and shift increasingly toward the communal areas. These areas are not developing nearly as well as they could, if they had greater access to improved support services, marketing and input delivery systems. Price incentives for both modern and traditional farmers will have to be maintained at adequate levels and the problems of land use, distribution and marketing will have to be solved.

DEVELOPMENT INDICATORS FOR ZIMBABWE
Based Upon World Bank Data
(Values in Millions)

TITLE	UNIT	1970	1971	1972	1973	1974
NATIONAL INCOME						
Current prices General Government Consumption	Local currency	126.0	143.0	157.0	180.0	221.0
Current prices Private Consumption, etc.	Local currency	722.0	844.0	848.0	947.0	1,138.0
Current prices Domestic Absorption	Local currency	1,068.0	1,266.0	[illegible]	1,522.0	1,671.0
Current prices Exports of Goods & NF Services	Local currency	0.0	0.0	0.0	0.0	0.0
Current prices GDP at Factor Cost	Local currency	1,011.0	1,168.0	[illegible]	[illegible]	1,791.0
Current prices Gross Domestic Product	Local currency	1,079.0	1,244.0	1,419.0	1,553.0	1,861.0
Current prices Gross Domestic Savings	Local currency	[illegible]	257.0	414.0	426.0	502.0
Current prices Gross National Product	Local currency	1,058.0	1,214.0	1,384.0	1,514.0	1,821.0
Current prices Gross National Savings	Local currency	208.2	224.6	377.2	383.0	451.0
Current prices Imports of Goods & NF Services	Local currency	0.0	0.0	0.0	0.0	0.0
Current prices Fixed Investment	Local currency	175.0	221.0	256.0	330.0	421.0
Current prices Gross Domestic Investment	Local currency	229.0	279.0	374.0	395.0	512.0
Current prices Net Factor Income (+) or Payments	Local currency	(21.0)	(30.0)	(35.0)	(39.0)	(40.0)
Current prices Indirect Taxes Net of Subsidies	Local currency	68.0	76.0	83.0	103.0	70.0
Current prices Resource Balance	Local currency	11.0	(22.0)	[illegible]	31.0	[illegible]
Current prices Value Added in Agriculture	Local currency	[illegible]	[illegible]	234.0	215.0	315.0
Current prices Value Added in Industry	Local currency	367.0	415.0	485.0	569.0	681.0
Current prices Value Added in Manufacturing	Local currency	209.0	251.0	297.0	343.0	421.0
Current prices Value Added in Services, etc.	Local currency	491.0	553.0	617.0	666.0	795.0
GOVERNMENT						
GOVERNMENT DEFICIT (-) OR SURPLUS	Local currency	0.0	0.0	0.0	0.0	0.0
Government Capital Payments	Local currency	0.0	0.0	0.0	0.0	0.0
Government Capital Receipts	Local currency	0.0	0.0	0.0	0.0	0.0
Government Current Budget Balance	Local currency	0.0	0.0	0.0	0.0	0.0
Government Current Expenditure	Local currency	0.0	0.0	0.0	0.0	0.0
Government Current Revenue	Local currency	0.0	0.0	0.0	0.0	0.0
MONEY						
Money Supply, Broadly Defined	Local currency	0.0	0.0	0.0	0.0	0.0
Money as Means of Payment	Local currency	0.0	0.0	0.0	0.0	0.0
Quasi-Monetary Liabilities	Local currency	[illegible]	[illegible]	0.0	0.0	0.0
Currency Outside Banks	Local currency	0.0	0.0	0.0	0.0	0.0
Demand Deposits	Local currency	0.0	0.0	0.0	0.0	0.0
TRADE						
Current prices Exports of Manufactures	US $	59.0	[illegible]	101.9	127.8	173.7
Current prices Exports of Nonfuel Primary Products	US $	310.6	331.2	411.1	562.4	694.3
Current prices Value of Exports	US $	370.0	404.0	515.0	693.0	864.0
Current prices Imports of Fuels	US $	25.8	26.6	27.1	37.1	99.8
Current prices Imports of Manufactures	US $	252.5	302.0	321.7	415.9	528.6
Current prices Imports of Nonfuel Primary Products	US $	50.4	68.1	66.9	96.0	124.5
Current prices Value of Imports, cif	US $	329.0	396.7	415.6	549.0	753.0
LOANS AND DEBT						
Long-Term Interest Payments	US $, as per IBRD DRS	4.8	5.9	6.0	5.8	5.1
Disbursements of Long-Term Loans	US $, as per IBRD DRS	0.0	0.0	0.0	0.0	0.0
Net Long-Term Loans	US $, as per IBRD DRS	(4.9)	(4.9)	(5.8)	(10.7)	(9.6)
Repayments on Long-Term Loans	US $, as per IBRD DRS	4.9	4.9	5.8	10.7	9.6
Identified Short-Term Debt	US $, end of year	0.0	0.0	0.0	0.0	0.0
Public/Publicly Guar. Long-Term Debt	US $, IBRD DRS - end of y	[illegible]	237.1	217.0	220.6	[illegible]
Public Long Term Debt, IBRD & IDA	US $, IBRD DRS - end of y	44.1	46.5	35.8	31.5	26.9
Public Long Term Debt, Official Creditors	US $, IBRD DRS - end of y	[illegible]	85.7	77.2	74.7	65.1
Public Long Term Debt, Private Creditors	US $, IBRD DRS - end of y	144.6	151.4	139.8	145.9	155.4
BALANCE OF PAYMENTS						
Net Current Transfers	US $, BoP	(2.5)	(3.3)	(2.7)	(6.6)	(18.8)
Merchandise Exports, fob	US $, BoP	370.0	404.0	516.0	687.0	867.0
Exports of Goods & Services	US $, BoP	417.0	453.7	575.3	[illegible]	[illegible]
Non-Factor Services Receipts	US $, BoP	32.0	35.0	45.0	60.0	75.0

DEVELOPMENT INDICATORS FOR ZIMBABWE
Based Upon World Bank Data
(Values in Millions)

TITLE	1975	1976	1977	1978	1979	1980	1981	1982
NATIONAL INCOME								
Current prices General Government Consumption	256.0	319.0	382.0	451.0	537.0	677.0	763.0	993.0
Current prices Private Consumption, etc.	1,240.0	1,375.0	1,417.0	1,550.0	1,937.0	2,219.0	2,969.0	3,394.0
Current prices Domestic Absorption	2,021.0	2,082.0	2,146.0	2,281.0	2,831.0	3,542.0	4,758.0	5,469.0
Current prices Exports of Goods & NF Services	590.0	617.0	610.0	675.0	798.0	1,043.0	1,117.0	1,141.0
Current prices GDP at Factor Cost	1,902.0	2,064.0	2,069.0	2,259.0	2,654.0	3,224.0	4,0[illegible].0	4,620.0
Current prices Gross Domestic Product	1,998.0	2,166.0	2,198.0	2,363.0	2,826.0	3,439.0	4,433.0	5,160.0
Current prices Gross Domestic Savings	502.0	472.0	399.0	362.0	352.0	543.0	701.0	793.0
Current prices Gross National Product	1,952.0	2,107.0	2,150.0	2,322.0	2,772.0	3,394.0	4,318.0	4,966.0
Current prices Gross National Savings	425.0	383.7	341.3	309.2	260.0	457.6	562.8	536.4
Current prices Imports of Goods & NF Services	613.0	533.0	558.0	593.0	803.0	1,146.0	1,442.0	1,450.0
Current prices Fixed Investment	468.0	427.0	379.0	341.0	395.0	588.0	880.0	1,039.0
Current prices Gross Domestic Investment	525.0	388.0	347.0	280.0	357.0	646.0	1,026.0	1,102.0
Current prices Net Factor Income (+) or Payments	(46.0)	(59.0)	(48.0)	(41.0)	(54.0)	(45.0)	(115.0)	(194.0)
Current prices Indirect Taxes Net of Subsidies	96.0	102.0	129.0	104.0	172.0	215.0	378.0	540.0
Current prices Resource Balance	(23.0)	84.0	52.0	82.0	(5.0)	(103.0)	(325.0)	(309.0)
Current prices Value Added in Agriculture	[illegible]	350.0	334.0	292.0	325.0	451.0	646.0	658.0
Current prices Value Added in Industry	722.0	777.0	749.0	801.0	1,014.0	1,248.0	1,484.0	1,601.0
Current prices Value Added in Manufacturing	447.0	480.0	460.0	515.0	625.0	802.0	[illegible]	1,421.0
Current prices Value Added in Services, etc.	857.0	937.0	986.0	1,156.0	1,315.0	1,525.0	[illegible]	[illegible]
GOVERNMENT								
GOVERNMENT DEFICIT (-) OR SURPLUS	0.0	(118.3)	(95.4)	(253.5)	(293.4)	(376.0)	(261.6)	(545.3)
Government Capital Payments	0.0	130.9	49.6	75.1	69.7	68.7	159.0	361.3
Government Capital Receipts	0.0	0.5	0.6	0.3	0.6	0.9	1.1	0.4
Government Current Budget Balance	0.0	12.1	(46.4)	(178.7)	(224.3)	(308.2)	[illegible]	[illegible]
Government Current Expenditure	0.0	479.6	621.5	751.4	835.1	1,186.9	[illegible]	[illegible]
Government Current Revenue	0.0	491.7	575.1	572.7	[illegible]	328.7	[illegible]	1,561.2
MONEY								
Money Supply, Broadly Defined	0.0	0.0	0.0	0.0	1,636.5	2,121.7	2,401.2	2,839.3
Money as Means of Payment	324.1	351.9	374.5	415.0	463.2	[illegible]	[illegible]	826.9
Quasi-Monetary Liabilities	0.0	0.0	0.0	0.0	1,173.3	1,488.9	1,722.4	2,012.4
Currency Outside Banks	66.9	79.1	83.9	95.2	107.6	[illegible]	[illegible]	[illegible]
Demand Deposits	257.2	272.8	290.6	319.8	355.6	475.6	480.2	589.4
TRADE								
Current prices Exports of Manufactures	212.0	241.0	206.0	219.0	347.0	404.0	[illegible]	313.0
Current prices Exports of Nonfuel Primary Products	711.0	723.0	659.0	660.0	853.0	1,002.0	1,060.0	944.0
Current prices Value of Exports	936.0	974.0	877.0	891.0	1,217.0	1,423.0	1,406.0	1,273.0
Current prices Imports of Fuels	111.9	84.0	77.2	66.9	121.4	245.5	350.7	334.6
Current prices Imports of Manufactures	589.6	442.3	451.2	439.6	666.2	947.7	1,020.9	1,000.2
Current prices Imports of Nonfuel Primary Products	112.1	85.5	89.4	85.4	149.4	[illegible]	[illegible]	[illegible]
Current prices Value of Imports, cif	813.5	611.7	617.8	592.0	937.0	1,448.4	[illegible]	[illegible]
LOANS AND DEBT								
Long-Term Interest Payments	2.4	2.3	1.8	4.5	7.3	9.8	30.8	92.0
Disbursements of Long-Term Loans	0.0	0.0	0.0	274.4	99.8	130.1	330.4	517.9
Net Long-Term Loans	(5.9)	(5.4)	(4.3)	270.2	92.5	95.8	290.9	470.3
Repayments on Long-Term Loans	5.9	5.4	4.3	4.2	7.3	34.3	39.5	47.6
Identified Short-Term Debt	0.0	0.0	46.0	28.0	35.0	90.0	[illegible]	[illegible]
Public/Publicly Guar. Long-Term Debt	189.7	144.6	153.7	418.1	523.9	697.1	798.0	[illegible]
Public Long Term Debt, IBRD & IDA	22.2	17.8	14.4	11.5	8.5	8.3	57.9	[illegible]
Public Long Term Debt, Official Creditors	55.7	45.8	43.9	41.2	38.6	[illegible]	167.1	[illegible]

DEVELOPMENT INDICATORS FOR ZIMBABWE
Based Upon World Bank Data
(Values in Millions)

TITLE	1983	1984	1985	1986
NATIONAL INCOME				
Current prices General Government Consumption	1,145.0	1,341.0	1,511.0	1,717.0
Current prices Private Consumption, etc.	3,765.0	4,245.0	4,734.0	5,625.0
Current prices Domestic Absorption	6,329.0	6,661.0	8,114.0	8,976.0
Current prices Exports of Goods & NF Services	1,345.0	1,708.0	2,124.0	2,412.0
Current prices GDP at Factor Cost	5,236.0	5,952.0	7,303.0	8,232.0
Current prices Gross Domestic Product	6,132.0	6,696.0	8,099.0	9,129.0
Current prices Gross Domestic Savings	1,222.0	1,110.0	1,854.0	1,787.0
Current prices Gross National Product	5,884.0	6,501.0	7,376.0	8,806.0
Current prices Gross National Savings	899.3	976.5	1,542.7	1,405.7
Current prices Imports of Goods & NF Services	1,542.0	1,673.0	2,139.0	2,259.0
Current prices Fixed Investment	1,223.0	1,110.0	1,347.0	1,473.0
Current prices Gross Domestic Investment	1,419.0	1,075.0	1,869.0	1,634.0
Current prices Net Factor Income (+) or Payments	(248.0)	(195.0)	(723.0)	(323.0)
Current prices Indirect Taxes Net of Subsidies	896.0	744.0	796.0	897.0
Current prices Resource Balance	(197.0)	35.0	(15.0)	153.0
Current prices Value Added in Agriculture	506.0	673.0	951.0	935.0
Current prices Value Added in Industry	2,206.0	2,499.0	3,150.0	3,762.0
Current prices Value Added in Manufacturing	1,360.0	1,533.0	2,118.0	2,489.0
Current prices Value Added in Services, etc.	2,524.0	2,780.0	3,202.0	3,535.0
GOVERNMENT				
GOVERNMENT DEFICIT (-) OR SURPLUS	(393.7)	(647.4)	(601.8)	(612.6)
Government Capital Payments	377.4	392.9	483.2	0.0
Government Capital Receipts	0.6	0.8	17.0	0.0
Government Current Budget Balance	(16.9)	(255.3)	(135.6)	0.0
Government Current Expenditure	1,905.8	2,364.8	2,412.6	0.0
Government Current Revenue	1,888.9	2,109.5	2,277.0	2,651.9
MONEY				
Money Supply, Broadly Defined	2,854.5	3,281.6	3,903.3	4,368.9
Money as Means of Payment	751.4	873.5	1,015.6	1,125.0
Quasi-Monetary Liabilities	2,103.1	2,408.1	2,887.7	3,243.9
Currency Outside Banks	227.4	258.8	321.1	379.7
Demand Deposits	524.0	614.7	694.5	745.3
TRADE				
Current prices Exports of Manufactures	337.0	358.8	364.[illegible]	365.2
Current prices Exports of Nonfuel Primary Products	774.0	778.9	713.3	629.1
Current prices Value of Exports	1,128.0	1,154.3	1,112.7	999.5
Current prices Imports of Fuels	229.4	176.7	186.2	71.0
Current prices Imports of Manufactures	749.6	626.1	694.8	872.8
Current prices Imports of Nonfuel Primary Products	235.1	152.3	149.9	155.3
Current prices Value of Imports, cif	1,205.1	955.0	1,030.9	1,099.0
LOANS AND DEBT				
Long-Term Interest Payments	107.2	120.9	115.0	117.3
Disbursements of Long-Term Loans	778.2	234.7	220.2	287.2
Net Long-Term Loans	444.8	54.2	28.5	65.7
Repayments on Long-Term Loans	333.4	180.5	191.7	221.5
Identified Short-Term Debt	481.0	344.0	308.0	489.0
Public/Publicly Guar. Long-Term Debt	1,538.6	1,412.2	1,545.2	1,711.8
Public Long Term Debt, IBRD & IDA	111.1	171.3	218.9	262.4
Public Long Term Debt, Official Creditors	401.8	491.3	652.0	817.6

DEVELOPMENT INDICATORS FOR ZIMBABWE
Based Upon World Bank Data
(Values in Millions)

TITLE	UNIT	1970	1971	1972	1973	1974
Factor Service Receipts	US $, BoP	15.0	14.7	14.3	16.3	18.2
Factor Service Payments	US $, BoP	36.0	45.1	49.4	54.8	70.9
Merchandise Imports, fob	US $, BoP	346.9	405.6	457.8	604.0	896.2
Imports of Goods & Services	US $, BoP	428.4	507.8	571.8	773.8	1,0[illegible]7.0
Non-Factor Services Payments	US $, BoP	45.5	57.1	64.6	115.0	149.9
Increase (-) in Reserves	US $, BoP	7.6	14.2	(55.2)	(63.4)	53.9
Other Net Long-Term Inflows	US $, BoP	31.2	35.4	3.4	62.3	72.2
Current Account Balance	US $, BoP	(13.9)	(57.4)	0.8	(17.3)	(95.6)
Net Foreign Direct Investment	US $, BoP	0.0	0.0	0.0	0.0	0.0
Net Long-Term Capital Inflow	US $, BoP	26.3	30.5	(2.4)	54.6	62.6
Other Net Capital Inflows	US $, BoP	(20.0)	12.7	56.8	29.1	(20.9)
INDICIES						
Terms of Trade Index	US dollar-based	178.1	[illegible]	139.3	[illegible]	[illegible]
Constant price Exports, fob	1980 US $	9[illegible].0	1,017.4	1,[illegible].2	1,250.7	[illegible]
Constant price Imports, cif	1980 US $	1,468.4	1,498.4	1,403.2	[illegible]	[illegible]
Domestic Absorption Deflator	1980=100	0.0	0.0	0.0	0.0	0.0
GDP Deflator	1980=100	41.2	43.6	45.9	46.8	54.9
Agricultural Value Added Deflator	1980=100	42.9	44.2	46.7	[illegible]	64.4
Industrial Value Added Deflator	1980=100	37.7	40.2	[illegible]	45.2	52.9
Manufacturing Real Output per Employee	1980=100	97.5	89.2	96.5	[illegible]	[illegible]
Manufacturing Real Earnings per Employee	1980=100	83.0	85.1	[illegible]	[illegible]	[illegible]
Fuel Export Price Index	1980=100, US dollar-based	4.3	5.6	6.2	8.9	38.7
Manufactures Export Price Index	1980=100, US dollar-based	33.5	36.5	38.5	49.6	67.2
Nonfuel Primary Products Export Price Index	1980=100, US dollar-based	40.9	40.8	43.2	58.6	65.0
Export Price Index, fob	1980=100, US dollar-based	39.9	39.7	46.3	56.4	65.0
Import Price Index, cif	1980=100, US dollar-based	22.4	26.6	29.6	[illegible]	[illegible]
Conversion Factor, Annual Average	Local currency per U.S. d	0.7	0.7	0.7	0.6	0.6

DEVELOPMENT INDICATORS FOR ZIMBABWE
Based Upon World Bank Data
(Values in Millions)

TITLE	1975	1976	1977	1978	1979	1980	1981	1982
Public Long Term Debt, Private Creditors	134.0	96.6	109.8	[illegible]	485.2	592.9	625.9	879.4
BALANCE OF PAYMENTS								
Net Current Transfers	(54.4)	(46.9)	(15.4)	(17.4)	(55.9)	(62.9)	(33.6)	(82.5)
Merchandise Exports, fob	922.0	900.0	901.0	923.2	1,079.6	1,445.5	1,451.8	1,314.0
Exports of Goods & Services	1,042.0	1,017.0	1,005.2	1,028.9	1,230.4	1,719.5	1,680.1	1,575.8
Non-Factor Services Receipts	80.0	78.0	64.4	67.7	87.2	166.9	132.3	183.1
Factor Service Receipts	40.0	39.0	39.6	[illegible]	63.6	107.1	96.0	81.7
Factor Service Payments	103.0	112.0	114.3	97.3	142.2	179.2	226.8	306.2
Merchandise Imports, fob	844.0	652.0	671.3	654.2	875.1	1,339.0	1,575.4	1,471.0
Imports of Goods & Services	1,190.8	962.1	1,004.0	974.2	1,293.2	1,900.2	2,283.9	2,199.6
Non-Factor Services Payments	243.8	196.1	217.9	222.7	265.9	380.0	521.8	420.4
Increase (-) in Reserves	(9.2)	3.3	8.1	(75.0)	(119.9)	86.5	7.9	22.4
Other Net Long-Term Inflows	152.9	29.4	(21.9)	(120.8)	53.8	(151.1)	(211.5)	(106.5)
Current Account Balance	(203.2)	8.0	(14.0)	37.2	(108.7)	(243.9)	(637.6)	(706.5)
Net Foreign Direct Investment	0.0	0.0	(3.9)	2.5	0.1	1.6	3.8	(0.7)
Net Long-Term Capital Inflow	147.0	24.0	(30.0)	151.9	146.4	(53.8)	83.1	369.2
Other Net Capital Inflows	65.4	(35.3)	35.9	(114.1)	82.2	211.2	546.6	314.9
INDICIES								
Terms of Trade Index	111.0	123.7	116.6	106.0	104.2	100.0	92.1	87.4
Constant price Exports, fob	1,457.6	1,337.6	1,159.6	1,151.3	1,365.9	1,423.0	1,478.7	1,499.4
Constant price Imports, cif	1,406.7	1,039.6	951.7	810.7	1,095.8	1,448.4	1,643.0	1,686.4
Domestic Absorption Deflator	0.0	65.7	75.4	77.3	87.1	100.0	109.6	127.8
GDP Deflator	60.2	65.1	75.0	76.8	87.1	100.0	110.4	130.0
Agricultural Value Added Deflator	70.2	68.4	62.9	65.8	77.2	100.0	125.4	137.7
Industrial Value Added Deflator	56.5	63.6	66.3	74.0	88.8	100.0	111.2	120.6
Manufacturing Real Output per Employee	95.8	92.1	96.2	91.0	97.6	100.0	101.2	100.5
Manufacturing Real Earnings per Employee	95.6	95.0	93.3	95.9	89.6	100.0	108.5	[illegible]
Fuel Export Price Index	35.7	36.4	42.0	42.3	61.0	100.0	112.5	101.6
Manufactures Export Price Index	66.1	66.7	71.7	76.1	90.0	100.0	99.1	94.2
Nonfuel Primary Products Export Price Index	64.6	76.1	78.1	79.0	89.6	100.0	93.7	81.6
Export Price Index, fob	64.2	72.8	75.6	77.4	89.1	100.0	95.1	84.9
Import Price Index, cif	57.8	58.8	64.9	73.0	85.5	100.0	103.2	97.2
Conversion Factor, Annual Average	0.6	0.6	0.6	0.7	0.7	0.6	0.7	0.8

DEVELOPMENT INDICATORS FOR ZIMBABWE
Based Upon World Bank Data
(Values in Millions)

TITLE	1983	1984	1985	1986
Public Long Term Debt, Private Creditors	1,136.8	920.9	893.2	894.2
BALANCE OF PAYMENTS				
Net Current Transfers	(73.8)	49.4	(55.0)	(35.0)
Merchandise Exports, fob	1,155.2	1,175.3	1,151.0	1,330.0
Exports of Goods & Services	1,369.7	1,369.9	1,320.0	1,520.0
Non-Factor Services Receipts	144.1	138.9	125.0	155.0
Factor Service Receipts	70.4	55.8	44.0	35.0
Factor Service Payments	258.7	178.0	161.0	229.0
Merchandise Imports, fob	1,068.6	988.5	965.0	1,015.0
Imports of Goods & Services	1,754.6	1,516.6	1,447.0	1,576.0
Non-Factor Services Payments	417.2	350.0	321.0	332.0
Increase (-) in Reserves	174.0	46.3	(108.0)	(62.0)
Other Net Long-Term Inflows	(282.5)	36.6	(30.5)	(75.7)
Current Account Balance	(458.7)	(97.5)	(182.0)	(91.0)
Net Foreign Direct Investment	(2.0)	(2.5)	3.0	0.0
Net Long-Term Capital Inflow	160.2	88.4	92.0	39.0
Other Net Capital Inflows	124.5	(37.2)	198.0	114.0
INDICIES				
Terms of Trade Index	94.6	95.8	88.5	86.4
Constant price Exports, fob	1,257.4	1,305.1	1,385.0	1,202.2
Constant price Imports, cif	1,276.5	1,034.9	1,135.2	1,141.7
Domestic Absorption Deflator	144.0	165.4	182.9	221.2
GDP Deflator	145.1	165.3	181.9	205.8
Agricultural Value Added Deflator	125.6	135.7	154.9	173.1
Industrial Value Added Deflator	170.6	199.0	236.3	275.0
Manufacturing Real Output per Employee	93.2	85.2	79.6	0.0
Manufacturing Real Earnings per Employee	101.5	92.0	99.0	0.0
Fuel Export Price Index	92.5	90.2	87.5	45.0
Manufactures Export Price Index	90.7	89.3	89.0	103.2
Nonfuel Primary Products Export Price Inde	86.6	88.0	76.2	75.2
Export Price Index, fob	89.3	88.4	80.7	83.1
Import Price Index, cif	94.4	92.3	90.3	96.0
Conversion Factor, Annual Average	1.0	1.2	1.6	1.7

SOCIAL INDICATORS FOR ZIMBABWE
Based Upon World Bank Data

TITLE	UNIT	1970	1971	1972	1973	1974	1975
LAND							
Total land area	SQ KILOM.	391	391	391	391	391	391
Total agricultural land	SQ KILOM.	72	73	73	73	74	74
Arable land	SQ KILOM.	23	24	24	24	25	25
Pasture land	SQ KILOM.	49	49	49	49	49	49
POPULATION							
Total population, (interp series)	NUMBER	5,249,[illegible]	5,4[illegible]	5,5[illegible]	5,724,00[illegible]	5,8[illegible]	6,065,001
Population, female	NUMBER	2,651,199	2,728,459	2,807,709	2,889,452	2,9[illegible],687	3,06[illegible],204
Population, male	NUMBER	2,597,803	2,674,54[illegible]	2,757,29[illegible]	2,834,550	2,918,715	3,004,798
Population, age 0-14	NUMBER	2,463,858	2,540,292	2,618,630	2,699,953	2,783,671	2,869,997
Population, age 15-64	NUMBER	2,641,461	2,714,5[illegible]	2,789,465	2,86[illegible],819	2,94[illegible]	3,0[illegible],676
Population, age 65+	NUMBER	143,682	148,1[illegible]	152,707	157,430	162,305	167,330
Urban population total	NUMBER	0	0	0		1,1[illegible],617	0
Urban population as % total	PERCENT	17	18	19	20	21	22
Agriculture population density	NUMBER	72,520	74,115	75,919	78,154	79,87[illegible]	82,152
DEMOGRAPHIC CHARACTERISTICS							
Crude birth rate, (interp series)	NUMBER	53	53	52	52	51	51
Crude death rate (interp series)	NUMBER	16	15	15	15	14	14
Infant mort rate, age 0-1 (interp series)	NUMBER	96	95	93	92	90	89
Child mort rate, age 1-4 (interp series)	NUMBER	13	0	0	0	0	[illegible]
Life expectancy, total	NUMBER	50	51	51	52	52	53
Life expectancy, males (interp series)	NUMBER	49	49	50	50	51	51
Life expectancy, female	NUMBER	52	53	53	54	54	55
Total fertility rate (interp series)	NUMBER	8	8	8	7	7	7
Contraceptive acceptors	NUMBER	0	0	15,[illegible]	27,70[illegible]	56,700	322,00[illegible]
Contraceptive users	NUMBER	0	[illegible]	0	0	0	0
HEALTH AND NUTRITION							
Number of physicians	NUMBER	822	[illegible]	0	0	0	0
Population per physician	NUMBER	6	0	0	0	0	0
Number of nurses	NUMBER	0		0	6,[illegible]	0	0
Population per nurse	NUMBER	0		0	1	0	0
Number of hospital beds	NUMBER	18,025		0	0	0	0
Pop per hospital bed	NUMBER	0		0	0	0	0
Daily calorie intake	NUMBER	2,172	2,177	2,152	2,172	2,167	2,029
Daily calorie requirement	NUMBER	0	0	0	0	0	0
Daily protein supply (gms)	NUMBER	59	59	62	59	58	53
Safe water access as % of population	PERCENT	0	0	0	0	0	0
Safe water, rural	PERCENT	0		0	0	0	0
Safe water, urban	PERCENT	0	0		0	0	0
EDUCATION							
Gross enrollment ratio	PERCENT	74	0	0	0	0	73
Gross enrollment ratio, male	PERCENT	81	0	0	0	0	79
Gross enrollment ratio, female	PERCENT	66	0	0	0	0	67
Illiterate population as % pop age 15+	PERCENT	0	0	0	0	0	0
EMPLOYMENT							
Labor force size	NUMBER	2,249,001	2,314,[illegible]	2,379,4[illegible]	2,444,[illegible]01	2,5[illegible]	2,575,001
Labor participation rate	PERCENT	42	0	0	0	0	41
Male labor participation rate	PERCENT	53	0	0	0	0	53
Female labor participation rate	PERCENT	32	0	0	0	0	31
Female labor force as % total labor force	PERCENT	38	38	37	37	37	37
Labor in agriculture as % total	PERCENT	77	77	76	76	76	75
Labor in industry	PERCENT	9	9	9	9	9	10
Labor in services	PERCENT	14	14	15	15	15	15

SOCIAL INDICATORS FOR ZIMBABWE
Based Upon World Bank Data

TITLE	1976	1977	1978	1979	1980	1981	1982
LAND							
Total land area	391	391	391	391	391	391	391
Total agricultural land	74	74	74	74	74	75	76
Arable land	25	25	25	25	25	26	27
Pasture land	49	49	49	49	49	49	49
POPULATION							
Total population, (interp series)	6,243,001	6,426,001	6,615,001	6,809,001	7,009,001	7,268,001	7,538,001
Population, female	3,149,550	3,241,171	3,335,777	3,432,867	3,505,518	3,630,554	3,759,591
Population, male	3,093,452	3,184,831	3,279,225	3,376,139	3,503,484	3,628,448	3,757,411
Population, age 0-14	3,013,461	3,161,191	3,313,720	3,470,595	3,672,548	3,781,688	3,933,744
Population, age 15-64	3,073,746	3,119,659	3,165,928	3,212,093	3,258,346	3,352,135	3,456,706
Population, age 65+	155,795	145,151	135,354	[illegible]	118,108	125,180	132,552
Urban population total	0	0	0	0	1,619,080	1,723,518	1,834,465
Urban population as % total	22	23	24	25	26	26	26
Agriculture population density	84,571	87,014	89,489	92,088	94,780	96,469	96,691
DEMOGRAPHIC CHARACTERISTICS							
Crude birth rate, (interp series)	50	50	50	49	49	49	49
Crude death rate (interp series)	14	13	13	13	13	13	13
Infant mort rate, age 0-1 (interp series)	87	86	85	85	84	84	83
Child mort rate, age 1-4 (interp series)	0	0	0	0	0	0	11
Life expectancy, total	53	54	54	54	55	55	56
Life expectancy, males (interp series)	52	52	52	53	53	54	54
Life expectancy, female	55	56	56	56	57	57	58
Total fertility rate (interp series)	7	7	7	7	7	7	7
Contraceptive acceptors	0	480,000	507,000	0	0	0	0
Contraceptive users	5	0	0	14	14	0	0
HEALTH AND NUTRITION							
Number of physicians	0	0	0	0	1,148	0	0
Population per physician	0	0	0	0	6	0	0
Number of nurses	0	0	0	0	7,609	0	0
Population per nurse	0	0	0	0	1	0	0
Number of hospital beds	0	0	0	0	21,418	0	0
Pop per hospital bed	0	0	0	0	0	0	0
Daily calorie intake	2,119	2,173	2,146	2,135	2,219	2,078	2,064
Daily calorie requirement	0	2,390	0	0	0	0	0
Daily protein supply (gms)	58	59	60	57	54	52	52
Safe water access as % of population	0	0	0	0	0	0	0
Safe water, rural	0	0	0	0	0	0	0
Safe water, urban	0	0	0	0	0	0	0
EDUCATION							
Gross enrollment ratio	72	70	63	61	88	117	126
Gross enrollment ratio, male	78	75	67	65	0	122	131
Gross enrollment ratio, female	66	65	59	57	0	113	121
Illiterate population as % pop age 15+	0	0	0	0	31	0	0
EMPLOYMENT							
Labor force size	2,656,001	2,737,001	2,818,001	2,899,001	2,980,001	3,066,001	3,182,001
Labor participation rate	0	0	0	0	40	0	0
Male labor participation rate	0	0	0	0	52	0	0
Female labor participation rate	0	0	0	0	29	0	0
Female labor force as % total labor force	37	37	37	37	37	37	36
Labor in agriculture as % total	75	74	74	73	73	0	0

SOCIAL INDICATORS FOR ZIMBABWE
Based Upon World Bank Data

TITLE	1983	1984	1985	1986
LAND				
Total land area	391	391	391	0
Total agricultural land	75	75	0	0
Arable land	26	26	0	0
Pasture land	49	49	0	0
POPULATION				
Total population, (interp series)	7,817,001	8,106,001	8,406,001	8,705,001
Population, female	3,902,133	4,056,676	4,211,604	0
Population, male	3,899,869	4,048,326	4,194,398	0
Population, age 0-14	4,098,537	4,268,089	4,441,046	0
Population, age 15-64	3,562,896	3,681,931	3,807,231	0
Population, age 65+	140,570	148,982	157,724	0
Urban population total	1,957,035	2,088,057	2,227,591	0
Urban population as % total	26	27	27	0
Agriculture population density	103,701	107,525	0	0
DEMOGRAPHIC CHARACTERISTICS				
Crude birth rate, (interp series)	45	48	47	0
Crude death rate (interp series)	0	0	12	0
Infant mort rate, age 0-1 (interp series)	81	79	77	0
Child mort rate, age 1-4 (interp series)	0	7	7	0
Life expectancy, total	56	57	57	0
Life expectancy, males (interp series)	0	0	55	0
Life expectancy, female	0	0	59	0
Total fertility rate (interp series)	-	6	5	0
Contraceptive acceptors		0	0	
Contraceptive users	0	40	0	0
HEALTH AND NUTRITION				
Number of physicians	0	0	0	0
Population per physician	0	0	0	0
Number of nurses	0	0	0	0
Population per nurse	0	0	0	0
Number of hospital beds	0	0	0	0
Pop per hospital bed	0	0	0	0
Daily calorie intake	2,094	2,054	2,144	0
Daily calorie requirement	0	0	0	0
Daily protein supply (gms)	51	50	52	0
Safe water access as % of population	0	52	0	0
Safe water, rural	0	10	0	0
Safe water, urban	0	100	0	0
EDUCATION				
Gross enrollment ratio	130	131	131	0
Gross enrollment ratio, male	135	135	135	0
Gross enrollment ratio, female	126	127	128	0
Illiterate population as % pop age 15+	0	0	0	0
EMPLOYMENT				
Labor force size	3,238,001	3,324,001	3,410,001	3,512,201
Labor participation rate	0	0	39	0
Male labor participation rate	0	0	50	0
Female labor participation rate	0	0	28	0
Female labor force as % total labor force	36	36	36	35
Labor in agriculture as % total	0	0	0	0

SOCIAL INDICATORS FOR ZIMBABWE
Based Upon World Bank Data

TITLE	1976	1977	1978	1979	1980	1981	1982
Labor in industry	10	10	10	10	11	0	0
Labor in services	16	16	16	16	17	0	0

SOCIAL INDICATORS FOR ZIMBABWE
Based Upon World Bank Data

TITLE	1983	1984	1985	1986
Labor in industry	[illegible]	[illegible]	[illegible]	
Labor in services	[illegible]	[illegible]	[illegible]	

XI-A

World Bank Development Indicators Table:

ANGOLA

Data Not Available

SOCIAL INDICATORS FOR ANGOLA
Based Upon World Bank Data

TITLE	UNIT	1970	1971	1972	1973	1974	1975	1976	1977	1978	1979
LAND											
Total land area	SQ KILOM.	1,247	1,247	1,247	1,247	1,247	1,247	1,247	1,247	1,247	1,247
Total agricultural land	SQ KILOM.	325	325	325	325	325	325	325	325	325	325
Arable land	SQ KILOM.	29	29	29	30	30	30	30	30	30	30
Pasture land	SQ KILOM.	290	290	290	290	290	290	290	290	290	290
POPULATION											
Total population. (interp series)	NUMBER	5.588.001	5.763.001	5.944.001	6.130.001	6.322.001	6.520.001	6.745.001	6.977.001	7.217.001	7.466.001
Population. female	NUMBER	2.846.864	2.935.983	3.027.705	3.121.944	3.219.207	3.319.233	3.433.173	3.550.356	3.671.549	3.797.257
Population. male	NUMBER	2,741,138	2.827.019	2.916.297	3.008.058	3.102.795	3.200.769	3.311.829	3.426.646	3.545.453	3.668.745
Population. age 0-14	NUMBER	2,415.666	2.497.313	2.581.931	2.669.093	2.759.251	2.852.428	2.955.442	3.082.461	3.203.962	3.330.435
Population. age 15-64	NUMBER	3,010.043	3.097.511	3.187.704	3.280.311	3.375.611	3.473.658	3.582.431	3.694.781	3.809.406	3.920.505
Population, age 65+	NUMBER	162.292	168.178	174.208	180.598	187.148	193.916	197.129	200.360	203.634	206.972
Urban population total	NUMBER	838.200	894.552	954.776	1,018.941	1.087.450	1.160.561	1,240.973	1.326.810	1.418.589	1.516.008
Urban population as % total	PERCENT	15	16	16	17	17	18	18	19	20	20
Agriculture population density	NUMBER	17.215	17,743	18.301	18.862	19.452	20.062	20.754	21.468	22.206	22.972
DEMOGRAPHIC CHARACTERISTICS											
Crude birth rate. (interp series)	NUMBER	48	48	48	48	48	48	48	48	48	47
Crude death rate (interp series)	NUMBER	27	26	25	25	25	24	24	24	23	23
Infant mort rate, age 0-1 (interp series)	NUMBER	178	176	173	170	168	165	163	160	158	156
Child mort rate, age 1-4 (interp series)	NUMBER	46	0	39	0	0	0	0	0	0	0
Life expectancy, total	NUMBER	37	37	38	38	39	39	39	40	40	41
Life expectancy, males (interp series)	NUMBER	36	36	37	37	37	38	38	39	39	39
Life expectancy, female	NUMBER	39	39	40	40	40	41	41	42	42	42
Total fertility rate (interp series)	NUMBER	6	6	6	6	6	6	6	6	6	6
Contraceptive users	NUMBER	0	0	0	0	0	0	0	1	0	0

TITLE	UNIT	1980	1981	1982	1983	1984	1985	1986
LAND								
Total land area	SQ KILOM.	1,247	1,247	1,247	1,247	1,247	1,247	0
Total agricultural land	SQ KILOM.	325	325	325	325	325	0	0
Arable land	SQ KILOM.	30	30	30	30	30	30	0
Pasture land	SQ KILOM.	290	290	290	290	290	290	0
POPULATION								
Total population, (interp series)	NUMBER	7,723,001	7,919,001	8,120,001	8,326,001	8,537,001	8,754,001	8,999,001
Population, female	NUMBER	3,927,918	4,027,604	4,129,833	4,234,605	4,342,936	4,438,978	0
Population, male	NUMBER	3,795,083	3,891,398	3,990,169	4,091,397	4,196,066	4,317,024	0
Population, age 0-14	NUMBER	3,461,463	3,552,121	3,645,395	3,741,308	3,840,780	3,942,794	0
Population, age 15-64	NUMBER	4,051,196	4,150,891	4,252,829	4,356,990	4,464,396	4,573,221	0
Population, age 65+	NUMBER	210,343	215,990	221,778	227,705	233,826	239,987	0
Urban population total	NUMBER	1,621,831	1,715,529	1,814,645	1,919,465	2,030,761	2,148,155	0
Urban population as % total	PERCENT	21	22	23	24	24	25	0
Agriculture population density	NUMBER	23,763	24,366	24,985	25,619	26,268	0	0
DEMOGRAPHIC CHARACTERISTICS								
Crude birth rate, (interp series)	NUMBER	47	47	47	47	47	48	0
Crude death rate (interp series)	NUMBER	23	23	22	0	0	22	0
Infant mort rate, age 0-1 (interp series)	NUMBER	153	151	149	147	145	143	0
Child mort rate, age 1-4 (interp series)	NUMBER	0	0	32	0	30	30	0
Life expectancy, total	NUMBER	41	41	42	42	43	44	0
Life expectancy, males (interp series)	NUMBER	40	40	40	0	0	43	0
Life expectancy, female	NUMBER	43	43	44	0	0	45	0
Total fertility rate (interp series)	NUMBER	6	6	6	6	6	6	0
Contraceptive users	NUMBER	0	0	0	0	0	0	0

TITLE	UNIT	1970	1971	1972	1973	1974	1975	1976	1977	1978	1979
HEALTH AND NUTRITION											
Number of physicians	NUMBER	650	0	0	0	0	0	0	0	0	0
Population per physician	NUMBER	9	0	0	0	0	0	0	0	0	0
Number of nurses	NUMBER	0	0	0	3.399	0	0	0	0	0	0
Population per nurse	NUMBER	0	0	0	2	0	0	0	0	0	0
Number of hospital beds	NUMBER	15.205	0	0	0	0	0	0	0	0	0
Pop per hospital bed	NUMBER	0	0	0	0	0	0	0	0	0	0
Daily calorie intake	NUMBER	2.047	2.067	2.024	2.004	2.004	1.927	.985	2.151	2.154	2.171
Daily calorie requirement	NUMBER	0	0	0	0	0	0	0	2.350	0	0
Daily protein supply (gms)	NUMBER	44	44	42	40	41	41	40	46	46	46
Safe water access as % of population	PERCENT	0	0	0	0	0	0	0	0	0	0
Safe water, rural	PERCENT	0	0	0	0	0	0	0	0	0	0
Safe water, urban	PERCENT	0	0	0	0	0	0	0	0	0	0
EDUCATION											
Gross enrollment ratio	PERCENT	75	0	66	0	0	0	0	0	0	0
Gross enrollment ratio, male	PERCENT	98	0	85	0	0	0	0	0	0	0
Gross enrollment ratio, female	PERCENT	53	0	48	0	0	0	0	0	0	0
EMPLOYMENT											
Labor force size	NUMBER	2.599.001	2.670.601	2.742.201	2.813.801	2.885.401	2.957.001	3.048.201	3.139.401	3.230.601	3.321.001
Labor participation rate	PERCENT	47	0	0	0	0	45	0	0	0	0
Male labor participation rate	PERCENT	56	0	0	0	0	55	0	0	0	0
Female labor participation rate	PERCENT	38	0	0	0	0	37	0	0	0	0
Female labor force as % total labor force	PERCENT	41	41	41	41	41	41	41	41	41	41
Labor in agriculture as % total	PERCENT	78	77	77	77	76	76	75	75	75	74
Labor in industry	PERCENT	8	9	9	9	9	9	9	9	9	10
Labor in services	PERCENT	14	14	14	15	15	15	16	16	16	16

TITLE	UNIT	1980	1981	1982	1983	1984	1985	1986
HEALTH AND NUTRITION								
Number of physicians	NUMBER	0	0	0	0	0	0	0
Population per physician	NUMBER	0	0	0	0	0	0	0
Number of nurses	NUMBER	0	0	0	0	0	0	0
Population per nurse	NUMBER	0	0	0	0	0	0	0
Number of hospital beds	NUMBER	0	0	0	0	0	0	0
Pop per hospital bed	NUMBER	0	0	0	0	0	0	0
Daily calorie intake	NUMBER	2,171	2,134	2,022	1,945	1,969	1,926	0
Daily calorie requirement	NUMBER	0	0	0	0	0	0	0
Daily protein supply (gms)	NUMBER	47	46	44	42	43	40	0
Safe water access as % of population	PERCENT	0	0	0	28	0	0	0
Safe water, rural	PERCENT	0	0	0	12	0	0	0
Safe water, urban	PERCENT	0	0	0	90	0	0	0
EDUCATION								
Gross enrollment ratio	PERCENT	158	148	134	117	93	0	0
Gross enrollment ratio, male	PERCENT	0	158	148	0	0	0	0
Gross enrollment ratio, female	PERCENT	0	137	121	0	0	0	0
EMPLOYMENT								
Labor force size	NUMBER	3.413,001	3,474,201	3.535.401	3.596.601	3.657.801	3.719.001	3.791.401
Labor participation rate	PERCENT	44	0	0	0	0	43	0
Male labor participation rate	PERCENT	53	0	0	0	0	52	0
Female labor participation rate	PERCENT	35	0	0	0	0	33	0
Female labor force as % total labor force	PERCENT	41	40	40	40	40	40	40
Labor in agriculture as % total	PERCENT	74	0	0	0	0	0	0
Labor in industry	PERCENT	10	0	0	0	0	0	0
Labor in services	PERCENT	17	0	0	0	0	0	0

BOTSWANA:

ECONOMIC POLICY PROFILE

1. LIBERALIZATION STRATEGY OVERVIEW(1)

Botswana, bordering South Africa, Namibia, Zambia and Zimbabwe, consists predominantly of the Kalahari Desert, which accounts for 80 percent of the land mass. The climate is primarily arid or semiarid and low rainfall interspersed with periodic droughts limit agricultural productivity. A population of about 1 million lives primarily along the eastern border and is growing at 3.8 percent per year. Having gained independence in 1966, Botswana has moved quickly from being one of the poorest countries in Africa, dependent on foreign aid, to one of the fastest growing countries with the emergence of the mining sector. The share of mining in GDP rose from 11 percent in 1971/72 to 34 percent in 1981/82 and to 51 percent by 1985/86 as new mines came on line. Growth of this magnitude has allowed the Government to build infrastructure and expand services. Supplementing this good fortune has been a rapid expansion of the national cattle herd, with beef exports growing in response to high export prices.

Currently cattle raising is the main agricultural activity, providing a livelihood for the majority of the population and

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(1) The discussion in this paper is based upon analyses and documents of the World Bank, the International Monetary Fund, and U.S. A.I.D. It is intended to provide an overview of issues and progress concerning economic management of Botswana's economy and to assist U.S. A.I.D. in considering a five year development strategy for Southern Africa.

providing the raw material going into the processed beef industry. Arable crop production is limited to less than 5 percent of the land and is focused almost exclusively on subsistence crops. Manufacturing is only beginning, being focused primarily on the processing of meat.

Diversification of the economy is a major objective of Government planning, with the goal of increasing labor-intensive, nonmining economic activities. Import substitution is a prime target in this regard. The close linkage of Botswana's economy to South Africa is another dimension in planning and managing the economy. Membership in the Southern African Customs Union (SACU), along with South Africa, Lesotho and Swaziland, provides nearly one seventh of government revenues, but Botswana has no control over the magnitude of this revenue which is delayed two years until receipt. Some 12 percent of the country's labor force works in South African mines, contributing to remittances but introducing uncertainty into future employment trends and policies.

These characteristics mean that Botswana's economy has extreme dependence, both on mining as a sector for economic growth and on South Africa as an economic force. In addition it is faced with finding employment for a largely unskilled workforce in a situation where there is limited absorptive capacity for productive investment and industrial development. In this situation the growth rate, which averaged 15.6 percent during 1981/82 - 1985/86, was largely fueled by mining; real GDP growth during the same time excluding mining was 5.4 percent. It must be recognized that severe drought during this period contributed to lower than normal nonmining activity, but in any case the economic potential of the economy outside of mining is limited and faces considerable barriers to expansion. Such constraints include a shortage of skilled manpower, high cost of developing basic infrastructure, and problems in protecting domestic production as a member of SACU.

The Sixth National Development Plan covers 1985/86 -1990/91. Its objectives are rapid economic growth, employment creation, rural development, economic independence, and social justice. The plan calls for real GDP to grow at an annual average of 4.7 percent and employment to increase at 6 percent per annum. Some 21 percent of Plan expenditure is targeted for works and communications. Approximately 17 percent is targeted for mineral resources and water affairs, while education is to receive 12 percent, health 4 percent and agriculture 4 percent.

The experience in Botswana over two decades of economic management indicates a sound strategy for maintaining growth and expanding development to key sectors of the economy. The country does not have serious balance of payments problems and has used fiscal and monetary tools responsibly. Also the

Government has been able to implement necessary stabilization measures in the face of abrupt changes in export prospects. Rather, the main development problem stems from the newness of the mineral-led growth; linkages within the economy have not yet been strengthened sufficiently and other sectors of the economy have not shared directly the expansion of mining. Traditional agriculture and cattle raising remain the main economic activity for some three fourths of the population. The increasing concentration of cattle ownership and low yields in arable farming have resulted in conditions of absolute poverty for perhaps half of the rural population. At the same time, the Government has improved the quality of life for all citizens through improvements in life expectancy, infant and child mortality, and literacy. Likewise the drought has brought forward extensive relief efforts by Government directly specifically at helping the poorest groups which were hit the worst.

The Government has a sound record of economic management. Management of the public sector has been efficient. Spending has been carefully tailored to resource availability, avoidance of waste, and maintenance of accountability and effective implementation. Short and medium-term planning and budgeting have been used to achieve this level of management within the Ministry of Finance and Development Planning. The development planning exercise identifies national development objectives, the main sectoral issues, and required policy directions; these are then supplemented by macroeconomic forecasts and a list of necessary and desirable projects. But there is a need to improve the framework for consistency among the macro, sectoral and project levels of planning. Current practice is to supersede regular national development plans when called for by mid-plan changes in international and domestic economic conditions. Development planning in Botswana is made particularly difficult by the instability of export earnings and recurrent droughts. But such conditions reinforce the need for improved planning methods which emphasize counter-cyclical and medium-term programs. A long-term view is especially important so that instability in the shorter periods does not divert development from basic objectives.

Botswana's vulnerability to exogenous shocks and instability has serious impacts on the process of development itself. Unstable growth exacerbates income and wealth distribution problems since low-income groups are hurt more by and have greater difficulty in recovering from economic downturns. Investment in agriculture, especially arable farming, is high in risk due to constant threat of recurrent droughts. Heavy dependence on earnings of expatriate labor in South Africa is risky due to the large role of political elements in determining continued demand for workers in South African mines.

In such a situation fluctuations in real government revenues could be managed to a build up of capacities which could be used in lean years where there is a shortage of funds. This would require an extension of counter-cyclical policy to include expenditure, especially for development projects. A build up of foreign exchange reserves in prosperous years and a draw down in lean years to maintain total expenditures and thus a steady flow of project expenditure could help provide counter-cyclical stimulus to the economy and maintain progress towards completion of development projects. Maintenance of emergency stocks of food grains and perhaps of other crucial commodities at regional centers around the country could also assure availability of consumption necessities in times of drought or economic downturn. A policy solution to these problems, proposed by the World Bank, involves attaining a stable growth of consumption and fixed capital formation by managing inventory investment and foreign exchange reserves. Such an approach is different from a stabilization policy of the demand management type, which aims at regulating total demand to the capacity output primarily through budget deficits and surpluses. The Government of Botswana already pursues a policy of accumulating foreign exchange reserves (and cash balances) to be used in lean years. What the World Bank proposes is an extension of this practice to include improvements in longer term planning, thus mitigating the risk factor and spreading resources over a number of years and reducing the threat of short-term variations in levels of development expenditure.

2. KEY POLICY ELEMENTS

2.A. Exchange Rate Management

Botswana's currency unit, the pula, since June 1980 has been pegged against a currency basket composed of the SDR and the South African rand. Monetary authorities have managed the pula exchange rate in a flexible manner to achieve both external competitiveness and to mitigate imported inflation from South Africa. This has meant changing proportions of the SDR and rand in the basket and discrete changes in the exchange rate, first in rather large amounts and then since 1986 in small but more frequent changes (less than 1 percent).

Exchange control applies to transactions with all countries. The Ministry of Finance and Development Planning delegates most administration of exchange controls to the Bank of Botswana, which in turn depends on commercial banks to carry out many of its powers. In practice exchange control is liberally exercised. Payments from and to residents of foreign countries must normally be received in a foreign currency or through a nonresident pula account in Botswana. There are no bilateral payments agreements.

There is a large rent or surplus involved in receipts from Botswana's mining operations, especially diamond mining where cost of extraction is estimated at one quarter of the total value of diamond exports. Generally an exchange rate based on a high productivity resource extraction sector is not conducive to the development of the non-mineral sectors. A strong currency leads to distribution of the surplus through cheap imports, but discourages exports due to the high cost in foreign currency to buy domestic output in the form of exports. Such a phenomenon makes economic diversification and employment creation difficult.

Discussion in Botswana has centered around the case for and against using the exchange rate to promote local production. A 1982 Presidential Commission on Economic Opportunities concluded that devaluation was not a desirable approach and that other incentives for industry, but not import duty increases, could achieve the desired objective of economic diversification. The concern was that a depreciation would fuel inflation, hurt the poor and put pressure on wages. It is clear that changes in the present economic structure require changes in relative prices, with prices of imported goods increasing if there is to be import substitution. Such changes in relative prices can occur either through adjustments of the nominal exchange rate and or the tax/subsidy rates. There are advantages to placing at least part of the weight of adjustment on the exchange rate, even if only gradually, since tax and subsidy policies are administratively demanding. If the pula were depreciated in moderate but regular steps at a rate faster than would be warranted by the decline in rents from mineral exports, with a goal of rendering an increasing number of socially beneficial activities privately profitable, then this diversification objective could be achieved while minimizing the disruptions introduced into the current pattern of economic prices and activities.

2.B. Import Administration

Membership in the SACU means that there are generally no restrictions on movement of goods between Botswana, Lesotho, Swaziland and South Africa. Import permits are necessary, however, for most goods imported directly into Botswana from outside of the Customs Union. There are no restrictions or delays in payment for authorized imports.

Botswana's dependence on imports has declined from 78 percent of GDP in 1982 to 55 percent in 1986, but still remains high. Consumer goods have fallen from 24 percent of GDp to 15 percent over this period, while capital goods have declined from 54 percent of GDP to 39 percent. During this period total imports grew by 16 percent per annum in pula terms.

Some three fourths of imports come from SACU countries, down from 86 percent four years earlier. Increased market shares for European countries in Botswana account for this decrease in dependency on SACU imports.

2.C. Export Policies

Botswana's exports are highly concentrated; diamonds account for over 75 percent of total exports, beef 8 percent, and copper/nickel matte 6 percent. These 3 commodities total 90 percent of all exports, up from 82 percent in 1982. Most variability in exports derives from diamonds, whose exports depend on production, quality mix, world prices, and the pula-dollar exchange rate. During 1986 the depreciation of the pula against the dollar brought about a 20 percent increase in diamond exports in dollar value terms as compared to a 17 percent in pula terms. During the period 1982-86 diamond exports increased some 50 percent in pula terms while total exports expanded by 35 percent reflecting trends in non-diamond exports. What must be recognized is that within the substantial growth rate of diamond exports over the past 5 years there has been substantial variation reflecting the sources of variability mentioned above.

Other export trends also reflect high variability. Meat exports have been affected by the quota set by the EEC and the drought. Weaknesses in the world copper market have meant a static value of copper/nickel exports. Textile exports, primarily of lower quality, go predominant to Zimbabwe which has allowed them to enter duty free. But they have not grown in value or volume terms and have fallen as a share of total exports. Other exports include leather goods, skins, candles, and other miscellaneous items, most of which are exported to Malawi under a 1956 duty-free trade agreement. Though the pula value of these exports has gradually increased, their share of total exports has declined.

The direction of trade for exports is highly concentrated, with approximately 86 percent going to Europe, up substantially from 5 years previously. This large share is determined largely by diamond exports which primarily go to Europe; but most meat exports also go to the EEC.

2.D. Industrial Policies

Manufacturing activity remains small in Botswana, and is dwarfed by mining as a contributor to value added. The share of GDP for manufacturing declined from 6 percent in 1981/82 to

3 percent in 1985/86, as mining activity increased dramatically and the continuing drought affected the cattle herds. Over one third of gross manufacturing output is concentrated in meat and meat products, which fell from 34 percent in 1981/82 to 32 percent in 1984/85 and rose again to 39 percent in 1985/86. Other major manufacturing activities are beverages at 19 percent of gross manufacturing output and textiles at 13 percent. Handicrafts and village industries average approximately 4 percent of total output.

Non-beef manufacturing activities have been constrained by a number of factors. The domestic market is too small to support a number of types of manufacturing which might otherwise be feasible. There is a shortage of skilled manpower. Basic industrial infrastructure is expensive to build and maintain. Transportation costs for external transactions are high given the landlocked location of Botswana. Domestic beverages as a manufacturing sector has held steady at an average share of 19 percent of total manufacturing output, but additional growth is limited by the size of the population and the growth in household incomes and consumption. Textiles, which stood at 15 percent of manufacturing value added in 1983/84, dropped to 13 percent when the preferential trading status with Zimbabwe was curtained in 1984/85. Exports of textiles should increase once the preferential status is reinstated. (Note: Figures are in 1979/80 constant prices).

Industrial policy in Botswana is targeted at expanding the manufacturing base, increasing the level of value added, assuring availability of training for occupations with higher productivity, and generating job opportunities in both rural and urban locations. The tools to achieve this are: general industrial incentives; a coordinated system of small-scale and informal extension services; manpower training and localization policies; active use of trade and exchange agreements; stimulation of foreign investment; provision of infrastructure, land and services; and appropriate banking and credit policies.

The Financial Assistance Policy program, introduced to subsidize medium- and small-scale enterprises outside of the cattle industry as well as large scale mining and some services, helps Botswana develop its own businesses and attracts foreign investment through tax holidays, unskilled labor grants, capital grants, sale augmentation grants and training grants. Government also assists the Botswana Development Corporation (BDC) which is a parastatal operating as a holding company. The BDC's industrial involvement includes operations in flour milling, drinks/breweries, cement, saw milling, forestry, sugar packaging and textiles. All of these have important implications for employment. The mode of operation for the BDC is to provide initial equity capital or in some cases direct lending to new ventures; the ultimate goal is to divest holdings to the private sector.

Government has brought together several units to form the Division of Integrated Field Services (IFS) within the Department of Industrial Affairs. The purpose of this consolidation is to achieve better coordination in the planning and delivery of extension services in order to provide more effective support for citizen participation in business. The IFS concentrates on technical and management training, the provision of advice and marketing assistance, and the identification of potential ventures and entrepreneurs.

Despite its rapid growth, the manufacturing sector is still in its infancy. Some 15 percent of value added in manufacturing is produced in small, informal village units. The formal manufacturing sector, comprising units with 10 or more workers, is heavily influenced by livestock processing related to the BMC. The rapid growth has benefited from trade agreements with other countries in the region, including SACU and bilateral agreements with Zimbabwe and Malawi.

2.E. Price Regulation

The Control of Goods Act (1973) has legal control over prices of all goods transacted in Botswana. This control is available directly or indirectly through controls which affect retail margins, producer prices, and in some cases retail prices. The Price Control Unit in the Ministry of Commerce and Industry has the power to regulate such prices. The Act provides a framework for establishing specific trading margins which are expected to be added to the ex-factory prices or landed costs of imports so that appropriate retail prices are determined. Such margins are applicable to the distributor/wholesaler/sales agent and to the retailer of all goods sold within the country, except for: soap, sugar, flour, and petroleum. Given limits in manpower to administer this Act, the mark-up controls are considered mostly irrelevant. Rather, retail prices are primarily set by competitive forces. In a step to reduce and eventually eliminate retail margins, Government is considering narrowing the mark-up controls to six essential commodities: mealie meal, sorghum, flour, sugar, meat and milk.

Government sets producer prices for soap, sugar and flour since it has conveyed monopoly power to manufacturers of these goods. The producer prices are equivalent to the South African retail price of these goods plus associated transportation costs in reaching the Botswana market. Retail prices for these goods, however, are not subject to any controls. The Botswana Agricultural Marketing Board sets producer prices and guarantees the purchase of all surplus production of foodgrains and other crops. Producer prices are established on the basis of landed costs of imports from South Africa and associated transport costs. Retail prices for gasoline, gas oil and kerosene are controlled by the Government; five petroleum companies distribute products in Botswana. Provision is made for a differential in retail price to reflect various locations in the country where products are eventually sold. Prices of meat products and agricultural goods are influenced by the operations of the Botswana Meat Commission and the Agricultural Marketing Board (the nation's sole purchaser, importer and marketer of commercial crops).

Inflation in Botswana is affected by several factors, including prices in South Africa, domestic producer price policy, the pula/rand exchange rate policy, and public wage and incomes policy. Imports comprise approximately 55 percent of nominal GDP in Botswana, with some three fourths coming from South Africa (and some 50 percent actually originating in South Africa, the remainder having been produced elsewhere). This means that inflation in South Africa is transmitted through to Botswana via the prices of such imports. Also both agricultural and industrial producer prices in Botswana have base prices related to the ex-factor prices of comparable goods produced in South Africa. The Government's exchange rate policy has mitigated the degree of inflation imported from South Africa by allowing the pula to appreciate relative to the rand.

2.F. Fiscal Policies

Botswana has consistently followed a sound fiscal policy, reflected in effective control of public expenditures and efficient use of public investment to construct necessary infrastructure for economic development. The total of current and capital expenditures, including net lending, has been kept close to the level of current revenue, with remaining moderate deficits covered by external grants and loans. Thus, the Government has not had to use financing from the domestic banking system to cover resource mobilization. The major problems in the fiscal area are to adjust expenditures to sharply varying levels of receipts, meaning the ability to maintain a steadily growing economy using a counter-cyclical fiscal policy to help offset fluctuating export earnings and recurrent droughts.

Government revenues have been high, approaching 40 percent of GDP, stemming from mineral revenue and Customs Union receipts (which combined are over half of total revenue). Relative to expenditure levels there has not been a shortage of revenue. However, the need for major programs to diversify the economy mean that in the future there may be need for greater budget specified a real reduction in the wage bill and cuts in most other areas of discretionary recurrent expenditure. Improved management and control of the budgeting process and movement to a medium-term strategy for public expenditure will also be undertaken to help control expenditures and assure prioritization of public service provision.

Public infrastructure, especially roads, are in severe disrepair. Their rehabilitation will require a move away from new public capital investments to maintenance and rehabilitation of the existing capital stock. Without improvement of public infrastructure, production faces excessive costs related to use of public services and facilities, thus constraining increased efficiency in production. Therefore development expenditure will be confined to ongoing projects and rehabilitation, with new projects started only if absolutely essential for economic recovery.

Public enterprises play a large role in the Tanzanian economy. The Government's main objectives for these public producers will be to accelerate the restructuring process started in 1984/85 and to improve management and operations so that there will be adequate return on investment. Some agricultural parastatals have already been reorganized and rationalized. A detailed review of the parastatal sector will propose which public enterprises should be rehabilitated and an action plan will be prepared with a schedule for implementing policy and institutional changes.

2.G. Financial Sector Policies

The objectives in formulating a monetary and credit policy are to strengthen the balance of payments and reduce the inflation rate. As the fiscal deficit is reduced as a proportion of GDP, credit will increasingly become available for the productive sectors of the economy. Control will be tightened by use of quarterly domestic credit and government credit expansion targets. The interest rate was scheduled to be made positive in real terms by the middle of 1988, thereby reducing the need for credit allocation. By July, 1987 the one-year deposit rate had reached 80% of the inflation rate and continued progress towards positive real rates is inherent in the Economic Recovery Program.

2.H. <u>Other Policies</u>

Agricultural reform is key to improving the economic growth rate in Tanzania. Parastatal reforms will have a large impact on production and marketing. Progress is also needed to enhance the institutional structure for processing and

Interest rate policy has been key to monetary policy in spite of the fact that the Bank of Botswana has had to maintain interest rate differentials with South Africa within a narrow margin so as not to distort trade and capital flows. In 1984 interest rate differentials rose sharply due to increases in South Africa, but a capital flow out of Botswana did not occur because of the strength of the pula relative to the rand, lower inflation in Botswana, and effective control of capital transfers. For a long period of time in Botswana import prices have been below domestic inflation rates, providing a negative return on deposits. In spite of such a low interest rate structure, banks could not find investors willing to use the large volume of funds being generated by the mining sector.

2.H. Other Policies

Mining is the predominant economic activity and has stimulated rapid growth in the past 15 years. Since 1980 it has accounted for over 50 percent of GDP and 70 percent of exports. Thus, mining trends largely determine changes in real GDP. Diamond production is the primary mining activity, comprising 88 percent of total mining output in value terms since the Jwaneng mine was opened in 1982. During 1981-85 there was a world slump in the diamond market. Botswana stockpiled its surplus production in domestically held stocks, which it was able to start selling off during 1985/86 when the world market recovered. The other important minerals are copper/nickel matte and coal, comprising 11 percent and 1 percent of total mining output in value terms. As a capital intensive activity, it provides less than 7 percent of total formal employment in Botswana.

The main contribution of mining to the economy involves the supply of large amounts of foreign exchange. But such surpluses, based on the experience of other countries, can easily lead to "growth without development" unless managed properly. Large mineral earnings can lead to pressure on Government to increase development spending rapidly, excessive expansion in the credit base and money supply, demand for wage increases, and an overvalued exchange rate. Botswana has done a good job of avoiding these problems through sound macro management.

Apart from the absorptive capacity constraints on he large volume of funds generated by mining, a conservative and noncompetitive financial sector that leaves certain types of credit demand unmet, particularly for medium and long-term credit, is seen as a possible factor limiting investment in Botswana. Consequently, the direction of monetary policy has been toward interest rate deregulation with the overall objective of encouraging more efficient finaical intermediation, particularly with increased commercial bank participation in order to channel avialbel resources to productive projects.

In July 1988, several new measures designed to further lower and deregulate interest rates were announced. First, the minimum threshold was raised from P50,000 to P250,000. Second, banks and depositors were free to negotiate interest rates on deposits over P50,000. This measure was in recognition of the need for additional deposits. Third, banks were to make available 18 and 24 month fixed deposit facilities to which the threshold of P250,000 would apply and the interest rates on these new facilities were set freely by each bank. The purpose of the last measure was to meet the needs of certain depositors for lonter-term facilities and also to contribute to the extension of maturity structure of commercial banks' deposits which in turn gives these banks more flexibility to lend for longer periods.

The mid-term review of National Development Plan VI (NDP) forecast that the mineral sector may reach a plateau in 1988/89 (even with the development of the Sua Pan and a recrush plant at Jwaneng). Given this situation, plus the fact that recurrent expenditures are rising rapidly, Botswanan could be moving into a deficit situation in the 1990's. Other basic problems are:

- An unstable weather situation, six years of drought broken only by the last year's good rainfall; last year's food grains production of over 100,000 was only slightly less than the total of the previous six years;

- unemployment and underemployment and a drift to the cities;

- lack of skilled manpower across the board;

- lack of basic infrastructure;

- an underdeveloped industrial base;

- undue dependence on South Africa -- most of the goods imported into the country come from South Africa or through that country. The closing by South Africa of tranportation routes could decimate the Botswana economy.

What is needed is diversification of the economy. The Government of Botswana plans to attempt to use its present reserves in a sound and responsible manner to bring about this diversification and assist in the fundamental question of employment generation. Considerable steps have been taken to open up the economy to market forces and to unleash the private sector. A continuation of these will be critical if jobs are to be created in the future to meet demand.

DEVELOPMENT INDICATORS FOR BOTSWANA
Based Upon World Bank Data
(Values in Millions)

TITLE	UNIT	1970	1971	1972	1973	1974
NATIONAL INCOME						
Current prices General Government Consumption	Local currency	12.2	14.3	16.0	18.6	31.7
Current prices Private Consumption, etc.	Local currency	45.7	52.2	59.1	39.9	104.6
Current prices Domestic Absorption	Local currency	54.2	103.7	129.5	183.6	233.7
Current prices Exports of Goods & NF Services	Local currency	13.6	20.4	39.8	55.2	76.4
Current prices GDP at Factor Cost	Local currency	55.9	72.1	92.4	138.6	174.1
Current prices Gross Domestic Product	Local currency	59.9	76.9	103.6	150.6	188.7
Current prices Gross Domestic Savings	Local currency	1.0	11.5	28.5	42.1	52.0
Current prices Gross National Product	Local currency	55.6	71.9	98.3	129.5	180.2
Current prices Gross National Savings	Local currency	3.7	8.1	5.5	20.3	72.5
Current prices Imports of Goods & NF Services	Local currency	37.9	[illegible]	65.7	88.2	121.6
Current prices Fixed Investment	Local currency	17.3	30.3	54.5	64.3	79.6
Current prices Gross Domestic Investment	Local currency	25.3	37.2	54.4	75.1	97.4
Current prices Net Factor Income (+) or Payments	Local currency	1.3	(6.1)	(15.3)	(21.1)	(8.0)
Current prices Indirect Taxes Net of Subsidies	Local currency	4.0	5.5	11.2	12.0	14.2
Current prices Resource Balance	Local currency	(24.3)	(25.7)	(25.9)	(33.0)	(45.4)
Current prices Value Added in Agriculture	Local currency	19.8	25.7	34.2	49.7	62.4
Current prices Value Added in Industry	Local currency	16.5	21.5	25.6	41.6	49.5
Current prices Value Added in Manufacturing	Local currency	3.5	4.6	6.1	8.9	10.1
Current prices Value Added in Services, etc.	Local currency	23.6	30.8	46.8	59.3	76.4
GOVERNMENT						
GOVERNMENT DEFICIT (-) OR SURPLUS	Local currency	0.0	(11.2)	(21.0)	(14.0)	(5.7)
Government Capital Payments	Local currency	0.0	12.7	29.6	33.7	35.6
Government Capital Receipts	Local currency	0.0	0.0	[illegible]	0.0	0.0
Government Current Budget Balance	Local currency	0.0	1.1	9.6	19.6	29.9
Government Current Expenditure	Local currency	0.0	18.1	20.2	26.0	36.0
Government Current Revenue	Local currency	0.0	19.2	28.8	45.6	65.9
MONEY						
Money Supply, Broadly Defined	Local currency	[illegible]	0.0	0.0	0.0	0.0
Money as Means of Payment	Local currency	0.0	0.0	0.0	0.0	0.0
Quasi-Monetary Liabilities	Local currency	[illegible]	[illegible]	0.0	0.0	0.0
Currency Outside Banks	Local currency	0.0	0.0	0.0	0.0	0.0
Demand Deposits	Local currency	0.0	[illegible]	0.0	0.0	0.0
TRADE						
Current prices Exports of Manufactures	US $	5.5	9.3	26.0	29.7	50.9
Current prices Exports of Nonfuel Primary Products	US $	16.5	13.6	31.9	55.3	70.1
Current prices Value of Exports	US $	22.0	23.0	58.0	85.0	121.0
Current prices Imports of Fuels	US $	4.7	4.7	10.4	15.6	17.6
Current prices Imports of Manufactures	US $	31.1	31.1	59.1	105.2	117.3
Current prices Imports of Nonfuel Primary Products	US $	13.3	13.3	29.5	45.0	50.1
Current prices Value of Imports, cif	US $	49.0	49.0	109.0	166.0	185.0
LOANS AND DEBT						
Long-Term Interest Payments	US $, as per IBRD DRS	0.4	0.6	1.3	2.2	3.1
Disbursements of Long-Term Loans	US $, as per IBRD DRS	5.7	15.7	45.4	41.7	18.5
Net Long-Term Loans	US $, as per IBRD DRS	5.6	15.4	45.0	41.5	18.3
Repayments on Long-Term Loans	US $, as per IBRD DRS	0.1	0.3	0.4	0.2	0.2
Identified Short-Term Debt	US $, end of year	0.0	0.0	0.0	0.0	0.0
Public/Publicly Guar. Long-Term Debt	US $, IBRD DRS - end of y	17.4	33.3	74.8	114.7	134.0
Public Long Term Debt, IBRD & IDA	US $, IBRD DRS - end of y	5.2	6.0	18.9	34.9	42.9
Public Long Term Debt, Official Creditors	US $, IBRD DRS - end of y	14.2	30.3	72.0	111.6	131.1
Public Long Term Debt, Private Creditors	US $, IBRD DRS - end of y	3.2	3.0	2.8	3.1	2.9
BALANCE OF PAYMENTS						
Net Current Transfers	US $, BoP	5.0	4.0	(10.0)	(1.0)	42.0
Merchandise Exports, fob	US $, BoP	26.0	38.0	57.0	92.0	120.0
Exports of Goods & Services	US $, BoP	58.0	85.0	102.0	157.0	159.0
Non-Factor Services Receipts	US $, BoP	31.0	45.0	43.0	63.0	36.0

DEVELOPMENT INDICATORS FOR BOTSWANA
Based Upon World Bank Data
(Values in Millions)

TITLE	1975	1976	1977	1978	1979	1980	1981	1982
NATIONAL INCOME								
Current prices General Government Consumption	41.5	54.7	75.7	91.3	104.3	140.7	192.3	230.4
Current prices Private Consumption, etc.	123.6	156.5	194.2	224.6	295.2	358.3	409.8	488.4
Current prices Domestic Absorption	266.8	326.2	368.6	458.4	597.1	789.9	946.9	1,068.6
Current prices Exports of Goods & NF Services	93.8	135.2	155.5	161.1	275.9	357.8	398.0	349.9
Current prices GDP at Factor Cost	194.9	251.0	285.9	319.4	454.5	599.5	658.6	661.3
Current prices Gross Domestic Product	213.0	273.9	315.1	360.3	516.1	701.5	779.2	780.1
Current prices Gross Domestic Savings	47.9	62.7	45.2	44.4	116.6	202.5	177.1	61.3
Current prices Gross National Product	188.1	248.0	290.7	328.4	470.3	655.0	668.1	715.2
Current prices Gross National Savings	38.4	78.7	92.0	72.7	153.1	257.6	171.4	96.8
Current prices Imports of Goods & NF Services	147.6	187.5	209.0	259.2	356.9	446.2	565.7	638.4
Current prices Fixed Investment	57.3	79.1	77.8	110.1	162.9	248.8	306.6	304.6
Current prices Gross Domestic Investment	101.7	115.0	98.7	142.5	197.6	290.9	344.8	349.8
Current prices Net Factor Income (+) or Payments	(24.9)	(25.9)	(24.4)	(31.9)	(45.8)	(46.5)	(111.1)	(64.9)
Current prices Indirect Taxes Net of Subsidies	18.1	22.9	29.2	40.9	61.6	102.0	120.6	118.8
Current prices Resource Balance	(53.8)	(52.3)	(53.5)	(98.1)	(81.0)	(88.4)	(167.7)	(288.5)
Current prices Value Added in Agriculture	61.2	65.7	74.4	71.7	81.7	83.3	90.5	87.8
Current prices Value Added in Industry	60.5	84.4	91.8	107.3	193.1	291.3	310.6	270.1
Current prices Value Added in Manufacturing	15.5	20.9	25.3	24.4	42.8	29.2	49.3	71.2
Current prices Value Added in Services, etc.	91.3	123.8	148.9	181.3	241.3	326.9	378.1	422.2
GOVERNMENT								
GOVERNMENT DEFICIT (-) OR SURPLUS	1.2	(20.8)	(4.6)	(6.9)	21.4	(1.3)	(18.3)	(20.1)
Government Capital Payments	41.2	42.1	44.3	67.7	84.8	124.4	121.5	137.6
Government Capital Receipts	0.0	0.8	0.3	0.7	0.9	1.8	3.7	1.9
Government Current Budget Balance	42.5	20.6	39.4	60.1	105.3	121.3	99.5	115.6
Government Current Expenditure	46.8	63.5	75.8	100.0	137.0	178.6	211.9	270.1
Government Current Revenue	89.3	84.1	115.2	160.1	242.3	299.9	311.4	385.7
MONEY								
Money Supply, Broadly Defined	0.0	86.2	108.6	120.9	199.0	236.9	226.5	245.6
Money as Means of Payment	0.0	43.5	58.2	60.9	82.1	90.6	114.8	127.4
Quasi-Monetary Liabilities	0.0	42.7	50.4	60.0	116.9	146.3	111.7	118.2
Currency Outside Banks	0.0	10.4	12.4	15.8	17.9	24.4	29.6	29.0
Demand Deposits	0.0	33.1	45.8	45.2	64.2	66.2	85.2	98.4
TRADE								
Current prices Exports of Manufactures	49.6	49.6	64.9	106.9	258.6	352.8	220.7	289.2
Current prices Exports of Nonfuel Primary Products	92.2	126.2	114.9	114.9	176.9	150.1	191.9	166.4
Current prices Value of Exports	142.0	176.0	180.0	222.0	436.0	503.0	413.0	456.0
Current prices Imports of Fuels	21.6	20.7	27.9	30.4	72.4	90.4	104.8	103.5
Current prices Imports of Manufactures	137.6	131.9	173.8	226.0	313.6	429.5	494.9	407.8
Current prices Imports of Nonfuel Primary Products	58.8	56.4	74.3	96.6	134.9	171.1	199.4	174.7
Current prices Value of Imports, cif	218.0	209.0	276.0	353.0	521.0	691.0	799.0	686.0
LOANS AND DEBT								
Long-Term Interest Payments	3.4	3.1	3.5	4.5	5.8	6.7	6.5	9.7
Disbursements of Long-Term Loans	24.7	25.9	15.8	11.4	15.6	24.5	24.6	56.5
Net Long-Term Loans	21.1	24.9	13.4	7.8	12.1	18.5	22.7	52.9
Repayments on Long-Term Loans	3.6	1.0	2.4	3.6	3.5	6.0	1.9	3.6
Identified Short-Term Debt	0.0	0.0	3.0	3.0	17.0	4.0	8.0	3.0
Public/Publicly Guar. Long-Term Debt	147.3	165.3	180.8	120.5	134.4	151.5	164.5	210.7
Public Long Term Debt, IBRD & IDA	46.4	50.0	53.7	55.9	61.4	65.6	76.2	87.0
Public Long Term Debt, Official Creditors	147.2	163.1	178.6	117.6	129.7	146.6	160.1	176.5

DEVELOPMENT INDICATORS FOR BOTSWANA
Based Upon World Bank Data
(Values in Millions)

TITLE	1983	1984	1985	1986
NATIONAL INCOME				
Current prices General Government Consumption	281.8	340.2	420.4	0.0
Current prices Private Consumption, etc.	571.2	629.3	713.0	0.0
Current prices Domestic Absorption	1,160.5	1,286.7	1,534.7	0.0
Current prices Exports of Goods & NF Services	618.3	772.3	963.7	0.0
Current prices GDP at Factor Cost	897.1	1,113.5	1,358.9	0.0
Current prices Gross Domestic Product	1,029.0	1,278.9	1,523.5	2,144.9
Current prices Gross Domestic Savings	176.0	309.4	290.1	0.0
Current prices Gross National Product	903.9	1,112.2	1,301.8	1,832.8
Current prices Gross National Savings	191.5	275.7	307.8	0.0
Current prices Imports of Goods & NF Services	745.8	780.1	974.9	0.0
Current prices Fixed Investment	320.3	337.6	418.9	0.0
Current prices Gross Domestic Investment	307.5	317.2	401.3	0.0
Current prices Net Factor Income (+) or Payments	(125.1)	(166.7)	(221.7)	(312.1)
Current prices Indirect Taxes Net of Subsidies	131.9	165.4	164.6	0.0
Current prices Resource Balance	(131.5)	(7.8)	(11.2)	0.0
Current prices Value Added in Agriculture	77.2	76.1	78.5	54.0
Current prices Value Added in Industry	439.8	599.1	737.7	1,236.0
Current prices Value Added in Manufacturing	78.7	82.0	92.9	129.4
Current prices Value Added in Services, etc.	512.0	612.7	707.2	824.9
GOVERNMENT				
GOVERNMENT DEFICIT (-) OR SURPLUS	103.2	166.3	413.8	0.0
Government Capital Payments	136.9	186.5	209.2	0.0
Government Capital Receipts	1.7	2.2	4.4	0.0
Government Current Budget Balance	238.5	371.6	616.7	0.0
Government Current Expenditure	316.0	416.2	497.6	0.0
Government Current Revenue	554.5	787.9	1,116.2	0.0
MONEY				
Money Supply, Broadly Defined	316.2	368.9	557.4	606.2
Money as Means of Payment	137.3	150.6	188.2	242.4
Quasi-Monetary Liabilities	179.0	218.3	369.2	362.8
Currency Outside Banks	30.2	35.2	43.4	58.5
Demand Deposits	107.2	115.4	144.8	184.9
TRADE				
Current prices Exports of Manufactures	395.6	406.8	462.4	559.6
Current prices Exports of Nonfuel Primary Products	240.9	266.3	281.6	297.9
Current prices Value of Exports	637.0	673.6	744.5	857.7
Current prices Imports of Fuels	106.5	92.2	93.1	41.5
Current prices Imports of Manufactures	442.6	446.0	362.5	486.9
Current prices Imports of Nonfuel Primary Products	185.9	168.5	127.4	155.7
Current prices Value of Imports, cif	735.0	706.8	583.1	684.1
LOANS AND DEBT				
Long-Term Interest Payments	12.7	15.4	22.4	26.8
Disbursements of Long-Term Loans	35.7	75.5	66.7	30.9
Net Long-Term Loans	24.7	58.1	40.8	13.6
Repayments on Long-Term Loans	11.0	17.4	25.9	17.3
Identified Short-Term Debt	4.0	5.0	2.0	3.0
Public/Publicly Guar. Long-Term Debt	230.3	276.6	324.2	355.1
Public Long Term Debt, IBRD & IDA	101.4	117.9	131.6	120.8
Public Long Term Debt, Official Creditors	199.4	239.8	299.4	315.6

DEVELOPMENT INDICATORS FOR BOTSWANA
Based Upon World Bank Data
(Values in Millions)

TITLE	UNIT	1970	1971	1972	1973	1974
Factor Service Receipts	US $, BoP	1.0	1.0	2.0	2.0	3.0
Factor Service Payments	US $, BoP	3.0	6.0	13.0	18.0	15.0
Merchandise Imports, fob	US $, BoP	57.0	76.0	98.0	137.0	164.6
Imports of Goods & Services	US $, BoP	94.0	130.0	161.0	225.0	179.6
Non-Factor Services Payments	US $, BoP	34.0	46.0	50.0	70.0	41.0
Increase (-) in Reserves	US $, BoP	(0.5)	(0.0)	0.0	(0.0)	0.0
Other Net Long-Term Inflows	US $, BoP	3.4	36.6	51.0	47.5	59.7
Current Account Balance	US $, BoP	(31.0)	(41.0)	(69.0)	(69.0)	(19.6)
Net Foreign Direct Investment	US $, BoP	6.0	38.0	60.0	53.0	46.0
Net Long-Term Capital Inflow	US $, BoP	15.0	92.0	156.0	142.0	124.0
Other Net Capital Inflows	US $, BoP	16.5	(51.0)	0.0	(73.0)	0.0
INDICIES						
Terms of Trade Index	US dollar-based	179.6	158.5	158.4	163.0	119.8
Constant price Exports, fob	1980 US $	58.3	73.6	136.9	150.3	179.0
Constant price Imports, cif	1980 US $	233.1	204.1	407.3	478.5	327.8
Domestic Absorption Deflator	1980=100	29.6	34.7	37.6	42.5	47.1
GDP Deflator	1980=100	34.4	37.8	37.9	45.2	47.2
Agricultural Value Added Deflator	1980=100	53.1	58.3	58.6	69.9	63.2
Industrial Value Added Deflator	1980=100	27.1	31.1	31.2	37.3	37.6
Manufacturing Real Output per Employee	1980=100	0.0	0.0	101.7	0.0	137.3
Manufacturing Real Earnings per Employee	1980=100	0.0	47.5	44.4	47.9	84.7
Fuel Export Price Index	1980=100, US dollar-based	4.3	5.6	6.2	8.9	36.7
Manufactures Export Price Index	1980=100, US dollar-based	37.5	36.5	38.5	49.5	67.2
Nonfuel Primary Products Export Price Index	1980=100, US dollar-based	38.4	39.2	46.7	61.7	68.0
Export Price Index, fob	1980=100, US dollar-based	37.7	38.0	42.4	56.5	67.6
Import Price Index, cif	1980=100, US dollar-based	21.0	24.0	26.8	34.7	56.4
Conversion Factor, Annual Average	Local currency per U.S. d	0.7	0.7	0.8	0.7	0.7

DEVELOPMENT INDICATORS FOR BOTSWANA
Based Upon World Bank Data
Values in Millions)

TITLE	1975	1976	1977	1978	1979	1980	1981	1982
Public Long Term Debt, Private Creditors	0.1	2.2	2.2	2.9	4.7	4.9	4.4	34.2
BALANCE OF PAYMENTS								
Net Current Transfers	26.9	48.1	64.5	72.2	101.0	130.8	126.5	98.3
Merchandise Exports, fob	141.9	169.7	191.6	223.4	442.3	544.6	401.3	460.6
Exports of Goods & Services	219.8	275.9	311.3	333.8	575.6	747.6	604.3	642.5
Non-Factor Services Receipts	30.8	46.9	51.4	50.5	61.1	100.9	97.0	99.5
Factor Service Receipts	47.0	59.3	68.3	59.0	72.2	102.2	106.0	82.5
Factor Service Payments	45.8	52.0	54.4	65.6	95.2	133.9	84.9	70.9
Merchandise Imports, fob	181.2	180.2	226.4	295.0	442.1	602.5	687.1	579.6
Imports of Goods & Services	273.7	310.7	370.7	465.2	[illegible]	953.4	948.5	806.5
Non-Factor Services Payments	46.7	78.5	89.9	101.7	126.4	177.0	176.5	155.8
Increase (-) in Reserves	0.0	(71.9)	(17.8)	(39.7)	(115.9)	(90.6)	73.8	(54.9)
Other Net Long-Term Inflows	67.3	(16.2)	(35.8)	19.1	(40.0)	7.9	10.7	31.7
Current Account Balance	(9.6)	13.6	25.2	(60.5)	9.9	(75.0)	(217.8)	(65.5)
Net Foreign Direct Investment	(36.2)	11.2	12.0	40.8	127.9	109.2	88.3	21.1
Net Long-Term Capital Inflow	50.1	19.9	(10.4)	67.7	130.0	135.6	121.7	105.7
Other Net Capital Inflows	0.0	38.4	3.0	22.1	6.0	29.9	22.3	14.7
INDICIES								
Terms of Trade Index	115.7	112.5	104.0	102.1	107.5	100.0	98.1	97.5
Constant price Exports, fob	207.2	254.5	260.2	295.1	471.8	530.0	420.8	490.3
Constant price imports, cif	366.1	340.0	415.1	479.1	675.8	691.0	799.0	721.7
Domestic Absorption Deflator	54.4	63.7	72.8	78.7	88.2	100.0	115.8	122.2
GDP Deflator	54.0	60.4	68.0	65.6	87.9	100.0	102.3	105.0
Agricultural Value Added Deflator	69.8	73.9	80.2	82.6	94.3	100.0	120.7	122.2
Industrial Value Added Deflator	45.0	50.6	57.2	44.7	76.0	100.0	90.1	84.1
Manufacturing Real Output per Employee	125.6	119.0	131.3	119.9	114.0	100.0	89.2	86.5
Manufacturing Real Earnings per Employee	127.9	0.0	104.7	122.5	[illegible]	100.0	96.0	96.9
Fuel Export Price Index	25.7	38.4	42.0	42.3	61.0	100.0	112.5	101.6
Manufactures Export Price Index	66.1	66.7	71.7	76.1	91.0	100.0	99.1	94.8
Nonfuel Primary Products Export Price Index	70.0	70.2	67.9	74.6	96.3	100.0	97.1	90.0
Export Price Index, fob	68.5	69.2	69.2	75.2	92.4	100.0	98.1	93.0
Import Price Index, cif	59.2	61.5	66.5	73.7	86.0	100.0	100.0	95.0
Conversion Factor, Annual Average	0.7	0.9	0.8	0.8	0.8	0.8	0.8	1.0

DEVELOPMENT INDICATORS FOR BOTSWANA
Based Upon World Bank Data
(Values in Millions)

TITLE	1983	1984	1985	1986
Public Long Term Debt, Private Creditors	30.9	36.8	34.8	39.5
BALANCE OF PAYMENTS				
Net Current Transfers	128.3	103.6	73.8	97.6
Merchandise Exports, fob	640.3	677.7	727.8	836.3
Exports of Goods & Services	831.4	872.8	886.3	1,026.3
Non-Factor Services Receipts	107.8	102.0	73.6	82.8
Factor Service Receipts	83.3	93.1	84.9	107.2
Factor Service Payments	152.5	207.8	221.5	237.7
Merchandise Imports, fob	615.3	583.4	493.8	565.0
Imports of Goods & Services	954.6	964.4	843.9	955.1
Non-Factor Services Payments	186.8	173.2	128.6	152.3
Increase (-) in Reserves	(123.7)	(124.4)	(254.3)	(301.7)
Other Net Long-Term Inflows	16.7	(5.2)	20.8	37.9
Current Account Balance	4.9	12.0	116.1	168.8
Net Foreign Direct Investment	22.6	61.9	52.2	90.2
Net Long-Term Capital Inflow	63.9	114.8	113.8	141.7
Other Net Capital Inflows	54.9	(2.4)	24.4	(8.8)
INDICIES				
Terms of Trade Index	97.7	97.2	96.6	100.2
Constant price Exports, fob	700.2	753.0	849.9	889.0
Constant price Imports, cif	789.2	768.1	647.2	710.4
Domestic Absorption Deflator	143.5	158.0	166.0	0.0
GDP Deflator	111.8	115.6	130.1	163.0
Agricultural Value Added Deflator	128.5	149.5	163.5	175.[illegible]
Industrial Value Added Deflator	92.1	92.8	112.0	160.7
Manufacturing Real Output per Employee	70.0	77.4	97.2	0.0
Manufacturing Real Earnings per Employee	80.3	0.0	0.0	0.0
Fuel Export Price Index	92.5	90.2	87.5	45.0
Manufactures Export Price Index	90.7	89.3	89.0	103.2
Nonfuel Primary Products Export Price Index	91.5	89.7	85.4	86.0
Export Price Index, fob	91.0	89.5	87.6	96.5
Import Price Index, cif	93.1	92.0	90.7	96.3
Conversion Factor, Annual Average	1.1	1.3	1.9	1.9

SOCIAL INDICATORS FOR BOTSWANA
Based upon World Bank Data

TITLE	UNIT	1970	1971	1972	1973	1974	1975	1976
LAND								
Total land area	SQ KILOM.	600	600	[illegible]	[illegible]	[illegible]	[illegible]	600
Total agricultural land	SQ KILOM.	440	442	444	447	449	[illegible]	[illegible]
Arable land	SQ KILOM.	12	12	12	13	13	[illegible]	14
Pasture land	SQ KILOM.	428	[illegible]	432	434	436	[illegible]	440
POPULATION								
Total population, (interp series)	NUMBER	[illegible]	645,5[illegible]	67[illegible],700	698,30[illegible]	[illegible]	[illegible]	[illegible]
Population, female	NUMBER	302,583	317,438	332,865	349,406	3[illegible]6,524	384,761	40[illegible],646
Population, male	NUMBER	[illegible]	274,562	2[illegible]7,135	[illegible]	[illegible]	[illegible]	345,154
Population, age 0-14	NUMBER	277,939	292,186	306,988	322,84[illegible]	3[illegible]9,259	356,737	370,97[illegible]
Population, age 15-64	NUMBER	[illegible]	[illegible]	[illegible]	308,622	[illegible]	[illegible]	[illegible]
Population, age 65+	NUMBER	16,084	16,86[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Urban population total	NUMBER	0	56,240	0	0	[illegible]	0	104,72[illegible]
Urban population as % total	PERCENT	10	[illegible]	11	12	[illegible]	14	[illegible]
Agriculture population density	NUMBER	1,265	[illegible]	[illegible]	1,455	[illegible]	1,58[illegible]	[illegible]
DEMOGRAPHIC CHARACTERISTICS								
Crude birth rate, (interp series)	NUMBER	52	51	51	51	51	51	51
Crude death rate (interp series)	NUMBER	17	[illegible]	[illegible]	[illegible]	[illegible]	15	14
Infant mort rate, age 0-1 (interp series)	NUMBER	99	98	[illegible]	94	[illegible]	91	89
Child mort rate, age 1-4 (interp series)	NUMBER	19	18	18	[illegible]	17	[illegible]	[illegible]
Life expectancy, total	NUMBER	50	[illegible]	[illegible]	51	51	52	52
Life expectancy, males (interp series)	NUMBER	48	49	[illegible]	49	[illegible]	[illegible]	[illegible]
Life expectancy, female	NUMBER	51	[illegible]	52	[illegible]	53	53	54
Total fertility rate (interp series)	NUMBER	7	7	7	7	7	-	-
Contraceptive acceptors	NUMBER	[illegible]		[illegible]	[illegible]	4,6[illegible]	[illegible]	11,4[illegible]
Contraceptive users	NUMBER	[illegible]	0		[illegible]	0	[illegible]	[illegible]
Persons per household	NUMBER	[illegible]		[illegible]	[illegible]	0	0	0
Persons per household, rural	NUMBER	0	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Persons per household, urban	NUMBER	0	0	0	[illegible]	0	0	0
HEALTH AND NUTRITION								
Number of physicians	NUMBER	41	0	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Population per physician	NUMBER	14	0	0	0	[illegible]	0	0
Number of nurses	NUMBER	0	[illegible]	[illegible]	[illegible]		0	0
Population per nurse	NUMBER	0	0	[illegible]	[illegible]	[illegible]	0	0
Number of hospital beds	NUMBER	0	[illegible]	[illegible]	[illegible]	0	[illegible]	[illegible]
Pop per hospital bed	NUMBER	0	0	0	[illegible]		[illegible]	0
Daily calorie intake	NUMBER	2,111	2,18[illegible]	2,12[illegible]	2,104	2,11[illegible]	2,111	2,12[illegible]
Daily calorie requirement	NUMBER	0	0	0	0	0	0	0
Daily protein supply (gms)	NUMBER	7[illegible]	74	7[illegible]	[illegible]	[illegible]	[illegible]	6[illegible]
% Dwellings w/electricity	PERCENT	0	[illegible]	[illegible]	0	0	0	0
Safe water access as % of population	PERCENT	29	0	0	[illegible]	0	45	0
Safe water, rural	PERCENT	26	0	[illegible]	[illegible]	0	39	[illegible]
Safe water, urban	PERCENT	71	0	0	0	0	95	[illegible]
EDUCATION								
Gross enrollment ratio	PERCENT	65	0	0	0	0	72	5[illegible]
Gross enrollment ratio, male	PERCENT	63	0	0	[illegible]	[illegible]	65	[illegible]
Gross enrollment ratio, female	PERCENT	67	0	0	0	0	7[illegible]	[illegible]
% Pups reaching grade 6	PERCENT	0	0	[illegible]	[illegible]	76	0	0
Illiterate population as % pop age 15+	PERCENT	0	59	0	0	0	0	0
EMPLOYMENT								
Labor force size	NUMBER	238,000	246,000	254,000	262,[illegible]	[illegible]	278,000	28[illegible]
Labor participation rate	PERCENT	38	0	0	0	0	37	0

SOCIAL INDICATORS FOR BOTSWANA
Based upon World Bank Data

TITLE	1977	1978	1979	1980	1981	1982	1983	1984
LAND								
Total land area	600	[illegible]	600	600	600	600	600	600
Total agricultural land	454	454	454	454	454	454	454	454
Arable land	14	14	14	14	14	14	14	14
Pasture land	440	440	440	44[illegible]	440	440	440	440
POPULATION								
Total population, (interp series)	812,600	841,900	871,40[illegible]	901,5[illegible]	932,300	964,200	997,400	1,032,500
Population, female	421,986	441,641	462,885	476,757	493,142	510,585	528,027	546,526
Population, male	362,014	379,359	398,115	425,24[illegible]	439,858	455,416	470,973	487,474
Population, age 0-14	385,566	399,993	415,071	430,202	446,313	463,360	480,379	498,325
Population, age 15-64	369,900	387,345	406,174	424,992	440,705	457,438	474,252	492,100
Population, age 65+	28,515	33,662	39,755	46,807	45,983	45,202	44,369	43,575
Urban population total	0	0	0	169,576	188,574	209,902	233,371	259,683
Urban population as % total	16	17	18	19	0	0	0	0
Agriculture population density	1,728	1,810	1,898	1,[illegible]	2,057	2,130	2,202	2,280
DEMOGRAPHIC CHARACTERISTICS								
Crude birth rate, (interp series)	51	50	49	48	48	47	46	46
Crude death rate (interp series)	14	14	14	13	13	13	0	0
Infant mort rate, age 0-1 (interp series)	89	85	83	81	79	77	75	72
Child mort rate, age 1-4 (interp series)	16	15	15	0	0	13	0	0
Life expectancy, total	52	53	54	55	56	57	58	58
Life expectancy, males (interp series)	51	52	52	53	53	54	0	0
Life expectancy, female	54	55	57	58	59	60	0	0
Total fertility rate (interp series)	7	7	7	[illegible]	7	7	7	7
Contraceptive acceptors	11,300	0	0	0	0	0	0	0
Contraceptive users	0	0	0	0	0	0	0	29
Persons per household	0	5	0	0	4	0	0	0
Persons per household, rural	0	5	0	0	[illegible]	0	0	0
Persons per household, urban	0	5	0	0	0	0	0	0
HEALTH AND NUTRITION								
Number of physicians	0	0	0	111	0	0	0	0
Population per physician	0	0	0	8	0	0	0	0
Number of nurses	0	0	0	1,288	0	0	0	0
Population per nurse	0	0	0	1	0	0	0	0
Number of hospital beds	0	0	0	2,141	0	0	0	0
Pop per hospital bed	0	0	0	0	0	0	0	0
Daily calorie intake	2,152	2,111	2,108	2,144	2,167	2,178	2,114	2,219
Daily calorie requirement	2,320	0	0	0	0	0	0	0
Daily protein supply (gms)	72	70	71	67	68	69	66	70
% Dwellings w/electricity	0	0	0	0	27	0	0	0
Safe water access as % of population	0	0	0	0	0	0	0	77
Safe water, rural	0	0	0	0	0	0	0	72
Safe water, urban	0	0	0	0	0	0	0	98
EDUCATION								
Gross enrollment ratio	89	91	95	91	102	98	99	101
Gross enrollment ratio, male	80	82	86	82	94	89	92	95
Gross enrollment ratio, female	98	101	105	100	110	104	106	107
% Pups reaching grade 6	0	0	0	80	0	78	0	92
Illiterate population as % pop age 15+	0	0	0	0	0	0	0	0
EMPLOYMENT								
Labor force size	294,800	302,200	311,600	320,000	332,000	344,000	356,000	368,000

SOCIAL INDICATORS FOR BOTSWANA
Based upon World Bank Data

TITLE	1985	1986
LAND		
Total land area	600	0
Total agricultural land	0	0
Arable land	14	0
Pasture land	440	0
POPULATION		
Total population, (interp series)	1,070,001	1,107,001
Population, female	563,072	0
Population, male	506,929	0
Population, age 0-14	516,865	0
Population, age 15-64	[illegible]	0
Population, age 65+	42,765	0
Urban population total	288,900	0
Urban population as % total	20	0
Agriculture population density	0	0
DEMOGRAPHIC CHARACTERISTICS		
Crude birth rate, (interp series)	45	0
Crude death rate (interp series)	12	0
Infant mort rate, age 0-1 (interp series)	71	0
Child mort rate, age 1-4 (interp series)	11	0
Life expectancy, total	57	0
Life expectancy, males (interp series)	54	0
Life expectancy, female	60	0
Total fertility rate (interp series)	7	0
Contraceptive acceptors	0	
Contraceptive users	0	0
Persons per household	0	0
Persons per household, rural	0	0
Persons per household, urban	0	0
HEALTH AND NUTRITION		
Number of physicians	0	0
Population per physician	0	0
Number of nurses	0	0
Population per nurse	0	0
Number of hospital beds	0	0
Pop per hospital bed	0	0
Daily calorie intake	2,159	0
Daily calorie requirement	0	0
Daily protein supply (gms)	67	0
% Dwellings w/electricity	0	0
Safe water access as % of population	0	0
Safe water, rural	0	0
Safe water, urban	0	0
EDUCATION		
Gross enrollment ratio	104	0
Gross enrollment ratio, male	95	0
Gross enrollment ratio, female	113	0
% Pups reaching grade 6	0	0
Illiterate population as % pop age 15+	0	0
EMPLOYMENT		
Labor force size	390,000	393,200

SOCIAL INDICATORS FOR BOTSWANA
Based upon World Bank Data

TITLE	UNIT	1970	1971	1972	1973	1974	1975	1976
Male labor participation rate	PERCENT	47	0	0	0	0	47	0
Female labor participation rate	PERCENT	31	0	0	0	0	28	0
Female labor force as % total labor force	PERCENT	44	43	43	42	41	41	40
Labor in agriculture as % total	PERCENT	86	84	83	81	80	78	77
Labor in industry	PERCENT	4.5	5.3	6.1	6.8	7.6	8.4	9.2
Labor in services	PERCENT	10.0	10.7	11.4	12.1	12.8	13.5	14.2

SOCIAL INDICATORS FOR BOTSWANA
Based upon World Bank Data

TITLE	1977	1978	1979	1980	1981	1982	1983	1984
Labor participation rate	0	0	0	35	0	0	0	0
Male labor participation rate	0	0	[illegible]	45	[illegible]	0	0	0
Female labor participation rate	0	0	0	25	0	0	0	0
Female labor force as % total labor force	40	39	39	39	38	37	37	37
Labor in agriculture as % total	75	73	72	70	0	0	0	0
Labor in industry	10.1	10.9	11.8	12.6	0.0	0.0	0.0	0.0
Labor in services	14.9	15.7	16.4	17.1	0.0	0.0	0.0	0.0

SOCIAL INDICATORS FOR BOTSWANA
Based upon World Bank Data

TITLE	1985	1986
Labor participation rate	34	0
Male labor participation rate	45	0
Female labor participation rate	24	0
Female labor force as % total labor force	36	36
Labor in agriculture as % total	0	0
Labor in industry	0.0	0.0
Labor in services	0.0	0.0

LESOTHO:

ECONOMIC POLICY PROFILE

1. LIBERALIZATION STRATEGY OVERVIEW (1)

Lesotho is completely surrounded by South Africa, being a small, mountains "island" within the surrounding powerful economy of South Africa. The economic base is limited, built upon a few natural resources. Land for agriculture, people, and abundant water resources comprise the economic base. A Lesotho Highlands Water Project (LHWP) is a major development project intended to capture and store water for export to South Africa, estimated to cost U.S. $1.5 billion (at 1985 prices). This will be a major stimulus to the economy, with possibility for considerable linkages and opportunities for subsidiary services and economic activities.

Agriculture (including animal husbandry) is basic to the economy, affecting the incomes and employment of 60-70 percent of the households and generating one fifth of GDP and nearly 60 percent of total merchandise exports. But possibilities for further development of agriculture are limited by: a scarcity of arable land (only 13 percent of the total land area is cultivable); low farming productivity due to poor quality land and the marginal economic returns available to labor compared to off-farm and ex-country employment alternatives; an ill-suited land tenure system; extensive soil erosion partly deriving from the land tenure system and resulting overgrazing; and uncertain climatic conditions.

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(1) The discussion in this paper is based upon analyses and documents of the World Bank, the International Monetary Fund, and U.S. A.I.D. It is intended to provide an overview of issues and progress concerning economic management of Lesotho's economy and to assist U.S. A.I.D. in considering a five year development strategy for Southern Africa.

Lesotho's industrial base is narrow, being limited by a small domestic market. There is heavy dependence on imported raw materials and other inputs, while poorly skilled manpower hinders expansion and productivity. These all contribute to making difficult the task of securing additional export markets as an outlet for increased production of manufactured goods.

A major source of economic activity involves the remittances from Basotho migrant labor in South Africa, confined primarily to work in gold and coal mining. Such remittances constitute nearly half of GNP and are ten times export earnings. But there is considerable uncertainty about the stability of this activity given the economic and political situation in South Africa. Unemployment is a growing problem and concern, linked partly to the uncertainty and stagnant demand in South Africa for additional labor and related to the limited absorptive capacity of Lesotho's formal domestic economy for additional labor. Given a population growth rate of some 2.6 percent and some 20,000 new entrants to the labor force each year, domestic job creation is estimated to be able to accommodate only approximately 10 percent of this increase each year. Thus strategies to create productive employment opportunities is perhaps the most significant challenge in the economy.

Close links to South Africa derive from the geographical location of Lesotho and institution arrangements in place. The country is a member of the South African Customs Union (SACU) and the Common Monetary Area (CMA). Its currency, the loti, is pegged at a par of one to one with the South African rand. The free exchange system allows for current payments and transfers on international transactions. The result is a very narrow ability to conduct macroeconomic policies, especially monetary and external policies. The economy is porous, as goods are readily available from abroad, goods and financial resources capable of moving across the border, and the economic conditions in South Africa determinant in establishing economic aggregates in Lesotho. With large import requirements for consumption and capital goods and relatively low exports, there is a requirement of investment and assistance inflows, requiring maintenance of economic policies and conditions conducive to foreign investment and support. Economic management takes place mainly in adjusting key price variables such as the interest rate and minimum agricultural prices to developments in South Africa, as well as managing fiscal operations.

Government revenues are highly dependent, over half, upon SACU receipts, over which Lesotho has no control and which are received with a two-year lag. Supplemental revenues from the domestic revenue base are very limited with large cyclic swings related to changes in migrant workers' remittances and other economic and political changes in South Africa. Expenditures for recurrent needs are growing as social projects move from capital construction to operation and unemployment as well as other social problems put pressure on Government to increase programs. Some parastatals are also creating budgetary pressure for additional subsidies to offset operating losses and capital costs.

By far the most significant capital project is the Lesotho Highlands Water Project. It will export water to the Johannesburg and Witwatersrand area while generating electricity and providing irrigation for Lesotho. Secondary activities such as services, secondary industry, fishing and tourism will also bring benefits. Employment during the construction phases as well as related to the maintenance and secondary economic activities of the project will contribute to easing the unemployment problem. South Africa will finance the capital costs of the water transfer part of the project while Lesotho must raise funds for the hydropower component. Royalties from water delivery should begin in 1997 but prior returns in the form of SACU rebates on project-related imports totaling some US$75-100 million should become available as early as 1991 or 1992. Thus, there is an imminent need to assure that revenues are put to best use to generate long-term development in the country. This will be part of a need to strengthen public expenditure planning and monitoring.

The external sector relies heavily upon migrant workers' remittances while export earnings are small and imports very high. There was a rapid growth of debt during the early 1980s so that the external debt burden has doubled. Positioning the country for a more viable balance of payments requires expansion and diversification of export earnings, reduction in the rate of growth of consumer imports, and limitation on non-concessional foreign borrowing.

During the early 1980s Lesotho's economy contracted, due to a drought-related setback in agriculture in 1982 and a sharp shock in 1983 deriving from closure of the diamond mine and completion of some large construction projects. There was a temporary recovery in 1984 where GDP grew at 9 percent, but since then its growth has been only modest, averaging 2.9 percent during 1985-87 in the face of a 2.6 percent population growth rate. Stimulated by a sharp increase in the early 1980s, workers' remittances outpaced GDP, but since 1984 nominal GDP has exceeded remittances. This has meant that real growth of GNP has lagged behind that of GDP. But in 1987, with remittances rising sharply, real GNP grew at nearly twice that of GDP. On a per capita basis real GNP declined by 1.5 percent from 1982 to 1987 while real GDP has risen by less than 1 percent.

Lesotho's current development strategy is contained in the Fourth Five-Year Plan for 1986/87 - 1990/91. Paramount is an improvement of the living conditions of Lesotho's people through employment generation and more equitable income distribution. Real GDP is projected to grow at an average annual rate of 3-4 percent over the plan period, thus making modest gains in outstripping population growth and raising per capita income levels. The strategy for achieving this growth rate is an increase in private sector investment, foreign and domestic, with the public sector providing necessary infrastructure and market-oriented incentives to raise productivity and increase output. Considerable emphasis is placed on rural employment creation through labor-intensive agricultural development programs, as well as increases in productivity of agricultural and livestock activities. Promotion of horticulture and food-grain crops is targeted to reduce imports and stimulate export-oriented production. Promotion of industries based upon domestic resources and using available labor for assembly-type operations of imported inputs is intended to promote growth in the manufacturing sector. Development of tourism and other services related to the LHWP should also generate employment and foreign exchange savings/earnings.

Within the very limited flexibility of macroeconomic policy determination open to Lesotho, the Government has undertaken a series of corrective structural adjustment measures which should lead to a more viable foundation for sustainable economic growth. Working with the IMF and the World Bank, a macroeconomic program with supporting policy measures has been developed and articulated in a Policy Framework Paper for the years 1988/89 - 1990/91. This program requires that Government reduce its consumption growth while assuring that the private sector respond with higher domestic and foreign investment in efficient production activity generating adequate employment opportunities to moderate the unemployment problem. This is undertaken in the face of considerable uncertainty about events in South Africa, whose change inevitably will affect Lesotho.

The 3-year period will see Government undertake to restore and sustain domestic economic growth, expand employment, raise living standards, and strengthen the nation's fiscal and external payments positions. The target growth rate of GDP is 4 percent in real terms compared with a population growth rate of 2.6 percent. Gross domestic investment is targeted to grow by 18.8 percent of GNP during this period, with a substantial increase in the proportion of investment financed by national savings. The external current account deficit, standing at 6 percent of GNP in 1987/88, is scheduled to drop to 3 percent by 1990/91. To achieve this imports are projected to increase by 1 percent per year in real terms while imports of intermediate and capital goods are to grow as a proportion of total imports in support of investment and production targets. Imports of consumer goods are expected to decline, in relation to stagnant remittances, import substitution in agriculture and manufacturing, and appropriate monetary and fiscal measures to dampen demand for imports. Export volume is projected to grow by 10 percent each year, building upon recent investment in light manufacturing, export-oriented enterprises and Government plans to encourage investment in export opportunities. The Government will have to reduce its overall deficit from 19 percent of GDP (10 percent of GNP) in 1987/88 to 2.5 percent of GDP (1.4 percent of GNP)by 1992/93.

Unless progress is made on this agenda of structural adjustment, Lesotho is likely to continue on its past path of slow economic growth coupled with continued degradation of the resource base. Without hope of increased employment of citizens in South African mines in increasing numbers, half of GNP cannot grow in real terms. This shifts growth opportunities to expanding domestic output, with all of the challenges and difficulties outlined here.

2. KEY POLICY ELEMENTS

2.A. Exchange Rate Management

Lesotho is part of the Common Monetary Area (CMA), which also includes South Africa and Swaziland. The April 1, 1986 Trilateral Monetary Agreement specifies that there be no restrictions to payments within the CMA and Lesotho applies exchange controls similar to those of South Africa and Swaziland for payments to countries outside of the CMA. The currency unit is the loti (plural is maloti) which is pegged to the South African rand at a 1 to 1 par. Under the CMA agreement the rand is legal tender in Lestho as is the loti. Exchange rates for the U.S. dollar are based on the floating middle rate of the South African rand against the U.S. dollar. There are no taxes or subsidies on sales or purchases of foreign exchange. In September, 1985 Lesotho along with South Africa reintroduced a dual exchange rate system discontinued in February, 1983. This provided that local sales proceeds of CMA securities and other investments owned by non-CMA residents could not be transferred in foreign currency, but rather had to be retained as "financial rand" balances. Such balances can be transferred among non-residents at a freely determined exchange rate, thus establishing a multiple currency practice applicable to capital transactions. For other transactions the Central Bank, which controls all external currency transactions, has delegated authority to approve certain types of current payments to selected commercial banks.

The fixed monetary relationship of the loti to the rand has provided stability and policy discipline, a benefit which must be considered as Lesotho considers options for altering the links between its currency and South Africa. With the very heavy weight of South Africa in Lesotho's trade basket, the real effective exchange rate has depreciated only slightly in the past few years despite substantial nominal depreciation. But given the country's debt which is mostly denominated in non-rand currencies, the nominal depreciation has brought about a large increase in debt servicing requirements, which by the end of 1986 stood at 3 percent of earnings from exports of goods and services and 26 percent of earnings from goods and non-factor services. With great uncertainty about the political and economic situation in South Africa, this is a fragile base from which to operate external borrowing.

2.B. Import Administration

Imports consist of approximately 60 percent consumer goods, with the remainder made up of intermediate and capital goods. Some 95 percent of all imports come from South Africa. As a member of the Southern African Customs Union, along with Botswana, Swaziland and South Africa, Lesotho does not impose import restrictions on goods originating in any part of the customs union. Goods imported from South Africa do not require import licenses and include an unknown quantity of goods originating outside the customs union. Where goods are imported from outside of countries in the customs union, they usually require import licenses conforming to South Africa's import regulations. Import licenses are valid for all countries and entitle the holder to buy the foreign exchange required to make import payments. Lesotho has no bilateral payments arrangements.

2.C. Export Policies

The composition of exports has changed dramatically since 1982. In the past diamonds constituted Lesotho's main export, but with closure of the principal diamond mine in 1982 the share of diamonds dropped from 40 percent to approximately 3 percent of export receipts. The principal export is now livestock products (mostly wool and mohair) which has risen from 13 percent of export earnings in 1982 to 44 percent during 1983-86. Exports of manufactures, consisting primarily of clothing, textiles, footwear and chemical goods,rose from 37 percent in 1982 to 39 percent in 1983-86. With the decrease of diamond exports the direction of export trade shifted from Europe where some 60 percent of exports used to go with the remaining 40 percent destined for sale within the SACU. Currently Europe receives about 10 percent of exports, while the SACU countries, mainly South Africa, receive nearly 87 percent.

Some exports are subject to licensing, mainly for revenue purposes. In practice this procedure applies only to exports of diamonds. Most exports are shipped without license to or through South Africa. To promote an expansion and diversification of exports, the Government established in 1987 an export financing scheme. This was intended to become operational at the beginning of the 1988/89 fiscal year. Administered by the Central Bank, it covers short-term (3 to 13 months) credit extended by banks to the export sector for which the Central Bank provides a refinancing facility. Some risk will remain with the commercial banks, but the Central Bank will bear the major risk, thus stimulating an increase in credit for export producers.

2.D. Industrial Policies

Agro-industries dominate manufacturing, including milling, brewery operations,fruit and vegetable canning, and leather and jute bag production. Other important industries include textile and clothing manufacturing, light engineering, and handicrafts. This sector has been the most dynamic contributor to the economy, with its share rising from 6 percent in 1982 to nearly 11 percent presently. Capacity utilization has been near three quarters in recent years and employment generated by manufacturing industries has risen at an average annual rate of 14 percent from 1980-85 as compared to 7 percent from 1974-80. But these figures mask the fact that the industrial base is very small, less than 5 percent of GNP in 1985 and only 8,700 jobs out of 65,000 jobs in the domestic formal sector. Thus, industrial development and job creation even at rapid growth rates will only make small contributions to the overall need for growth and employment. In addition, numerous problems hinder this process, including lack of entrepreneurship, scarcity of credit, and need for foreign investment capital.

A major objective in industrial policy has been diversification of the industrial base to promote large use of local materials and labor. Two public enterprises, the Lesotho National Development Corporation (LNDC) and the Basotho Enterprises Development Corporation (BEDCO) have been used to actively promote industrial development. The LNDC promotes and sometimes participates in large-scale investments, usually structured around foreign capital, using a tax holiday currently available up to 10 years or generous tax allowances, training grants, subsidized loans and industrial site rentals. Small-scale indigenous enterprises are promoted by BEDCO through provision of finance and credit facilities, training, and marketing assistance.

Government policy is to promote industrial production which has an export orientation, including textiles, processed wool, and mohair products. It will likewise attempt to promote industries and services which generate secondary benefits from the Lesotho Highlands Water Project. A government industrial sector study concluded that there is need for a separate investment promotion unit to promote private investment and provide basic investor services. The objective would be to promote investment from South Africa and elsewhere. Scheduled to become operational during 1988/89, the promotion unit would serve as a one-stop service for investors, coordinating the work of other government agencies involved in investment approvals. Focused largely on an export promotion strategy via new investment, the Government's investment strategy is intended to optimize foreign investment while minimizing loss of government revenue. Thus, use of incentives such as tax holidays will be used carefully since they may not be the deciding factor in attracting and retaining foreign enterprises. In this connection a prior decision to lengthen tax holidays up to 10 years is to be reviewed to see if alternative incentives could lead to more effective use of resources being used to subsidize new investors.

A package of incentives and policies will continue to be offered to potential investors in import-substitution and export activities, to be supplemented by an export financing scheme for export-oriented investments. The Government intends to continue encouraging industries using raw materials (agro-industries) and assembly-type operations. With appropriate import-substitution policies and use of monetary and fiscal policies this strategy should promote industrial activity while improving the external current account.

Lesotho cannot hope to equal the industrial incentives offered in the "homelands" of South Africa. However, there are advantages to investment in the country, including a low-cost and relatively productive and reliable labor force and a location with political access to foreign markets. Some South African firms desiring to protect their export markets may be enticed to relocate in Lesotho, in moves that are more than mere relabeling operations, that take advantage of what the country has to offer.

2.E. Price Regulation

Consistent with the open nature of the economy, the only prices administered in Lesotho by the Government are utility tariffs, rents for government housing, and prices paid to farmers for the five main food crops. Price developments are closely linked to South Africa's economy since imports on a duty-paid c.i.f. basis amount to almost 75 percent of the country's GNP and South Africa accounts for some 95 percent of imports. Prices in Lesotho tend to be higher than in South Africa by a factor reflecting additional transport and handling costs and local markups.

2.F. Fiscal Policies

The exercise of responsible fiscal policy is key in an environment where monetary and exchange rate policies are severely constrained by the close links to South Africa. In this situation Government's fiscal policy objectives are to strengthen the budgetary process, raise revenue, and restrain current expenditure. During the Policy Framework Period plans call for revenue-raising measures to include: simplification of the individual income tax and adjustment of tax brackets; movement to a single tax rate for company income tax and enhanced enforcement on larger companies; expansion of the tax base to include public enterprises currently excluded; broadening the sales tax base to include public utility services; tightening tax exemptions currently granted and raising taxes on luxury items; improvements at borders for collecting sales tax; implementation of a direct income tax on migrant miners; and greater cost recovery on government services including education, health services, and public utilities.

Expenditure control is necessary in light of the strong growth of recurrent expenditures due to major weaknesses in budgeting and planning and lack of coordination between recurrent and capital budgets. This will rest upon improved budgetary processes and expenditure controls. The restraint of current expenditures will be focused on civil service payments, early retirement of civil servants, and limits on the rate of increase of the wage and salary bill to no more than the GDP deflator. Growth of expenditure for other goods and services will also be restrained to only a small growth in nominal terms.

Public enterprises or parastatals in Lesotho include utilities and some transportation, trading, development and financial organizations. In a move to reduce and then eliminate Government subsidies for these entities a more flexible tariff policy will be considered so that rates can be adjusted as frequently as is necessary. Such charges will be adjusted upwards until the burden of all capital expenditures is transferred from the Government to enterprise budgets. Also a parastatal performance evaluation unit will be established to improve performance and constrain the tendency of parastatals to grow without proper Government oversight and approval.

2.G. Financial Sector Policies

The Central Bank of Lesotho is responsible for currency issue, administration of exchange controls, and regulation of financial institutions. As a member of the Common Monetary Area (CMA), along with South Africa and Swaziland, the country allows circulation of the South African rand as legal tender and unrestricted transfer of funds between Lesotho and South Africa, free access to South African capital and money markets by lesotho residents, and a generally uniform exchange control regime with the rest of the world.

The main instruments of monetary policy used include interest rates, liquidity and reserve ratios, and the MLAR requirement for financial institutions. Due to the linkage of the economy to South Africa, the scope and effectiveness of monetary policy as an instrument of economic management is very limited. Interest rates move broadly in line with those in South Africa. The minimum savings deposit rate and the prime lending rate are fixed by the Central Bank and have been generally lower than those in South AFrica due to the higher bank operating costs in Lesotho and a desire of monetary authorities to stimulate bank credit. Other rates are freely determined by market forces. Lesotho's interest rates rose sharply between June, 1983 to June, 1985 when rates in South Africa increased dramatically, but have declined since that time, including a reduction in the spread between the lending and deposit rates. This has been undertaken to stimulate private sector credit. However, relatively high inflation rates have kept deposit rates negative, acting as a deterrent to domestic savings.

An independent monetary policy is severely constrained by membership in the CMA and other close ties to South Africa. It is feasible for Lesotho to increase commercial banks' use of excess liquidity for productive investments which support the Government's planned increase in absorptive capacity. The export financing scheme, recently announced, will help credit flow to productive investment and exports by reducing credit risks for commercial banks. Also Government will encourage profitable enterprises to issue commercial paper as a means of widening financial instruments. Training for small-scale industrialists is intended to reduce credit risk and improve operating efficiencies. Additional saving instruments are also under consideration, especially those targeted at migrant workers holding deposits in South Africa.

2.H. Other Policies

The single most important economic activity in Lesotho is agriculture, providing income and employment for more than 80 percent of the resident labor force. Its share of GDP is approximately 17 percent. Within the sector the share of crop production (including fruits and vegetables) in GDP declined from 7 to 5 percent while that of livestock output rose from 10 to 12 percent. Stagnant crop production has meant increasing imports of part of the country's food requirements; in 1986/87 output of main cereals covered only some 58 percent of food requirements. Agricultural development is hampered by some serious physical and sociological constraints limiting productivity and impeding the application of technological innovation. The rugged terrain, with only 13 percent suitable for cultivation, means that poor fertility and soil erosion act as limits on availability of good farmland. Where land is arable, the use of fertilizers and other inputs has been limited and irrigation has been largely unavailable, both adding up to a situation where crop production is vulnerable to weather. The relative attractiveness of income-earning opportunities in mining has reduced the appeal of domestic crop farming and the individual farmers' incentives for efficient utilization of land. With wage earnings in mining at least 8 times higher than domestic farm income opportunities, most able-bodied men seek employment in South African mines. Also the land tenure system, vesting all land in the Basotho Nation which holds it in trust by the King who delegates responsibility for its administration to local chiefs, offers few incentives for sound land management and fragments holdings into small parcels.

Agriculture is a key sector in promoting structural adjustment and achievement of adequate growth. Government's strategy for this sector, supported by multilateral and bilateral donors, is to: improve the land tenure system and grazing regulations; halt soil erosion; promote forestry development; improve marketing and distribution facilities and extension services; increase research on farming and land management systems and on new crops and disease control techniques; and more emphasis on intensive livestock development in the lowlands.

DEVELOPMENT INDICATORS FOR LESOTHO
Based Upon World Bank Data
(Values in Millions)

TITLE	UNIT	1970	1971	1972	1973	1974
NATIONAL INCOME						
Current prices General Government Consumption	Local currency	6.2	6.3	10.8	12.1	15.8
Current prices Private Consumption, etc.	Local currency	63.2	63.7	85.6	116.0	146.9
Current prices Domestic Absorption	Local currency	75.4	[illegible]	106.2	144.4	[illegible]
Current prices Exports of Goods & NF Services	Local currency	5.7	6.8	10.1	12.8	14.1
Current prices GDP at Factor Cost	Local currency	47.8	46.1	59.1	[illegible]	84.0
Current prices Gross Domestic Product	Local currency	52.5	50.5	64.3	87.8	98.0
Current prices Gross Domestic Savings	Local currency	(16.9)	(21.5)	(32.1)	(40.3)	(64.7)
Current prices Gross National Product	Local currency	74.8	76.3	95.8	132.4	158.1
Current prices Gross National Savings	Local currency	[illegible]	41.5	47.5	71.5	75.4
Current prices Imports of Goods & NF Services	Local currency	28.6	36.3	52.0	69.4	96.1
Current prices Fixed Investment	Local currency	5.1	7.1	8.6	10.7	14.5
Current prices Gross Domestic Investment	Local currency	6.0	8.0	9.8	16.3	17.3
Current prices Net Factor Income (+) or Payments	Local currency	[illegible]	25.8	31.5	44.6	60.1
Current prices Indirect Taxes Net of Subsidies	Local currency	4.7	4.4	5.2	10.9	14.0
Current prices Resource Balance	Local currency	(22.9)	(29.5)	(41.9)	(56.6)	(82.0)
Current prices Value Added in Agriculture	Local currency	16.7	[illegible]	21.0	[illegible]	31.7
Current prices Value Added in Industry	Local currency	4.4	4.9	6.0	8.3	11.3
Current prices Value Added in Manufacturing	Local currency	2.1	2.4	2.8	2.9	4.8
Current prices Value Added in Services, etc.	Local currency	26.7	29.2	32.1	35.9	41.0
GOVERNMENT						
GOVERNMENT DEFICIT (-) OR SURPLUS	Local currency	0.0	0.0	0.0	4.7	6.7
Government Capital Payments	Local currency	0.0	0.0	0.0	3.5	5.4
Government Capital Receipts	Local currency	0.0	0.0	0.0	0.0	0.0
Government Current Budget Balance	Local currency	0.0	0.0	0.0	8.2	15.1
Government Current Expenditure	Local currency	0.0	0.0	0.0	15.7	16.9
Government Current Revenue	Local currency	0.0	0.0	0.0	23.9	32.0
MONEY						
Money Supply, Broadly Defined	Local currency	0.0	0.0	0.0	0.0	0.0
Money as Means of Payment	Local currency	0.0	0.0	0.0	0.0	0.0
Quasi-Monetary Liabilities	Local currency	0.0	0.0	0.0	0.0	0.0
Currency Outside Banks	Local currency	0.0	0.0	0.0	0.0	0.0
Demand Deposits	Local currency	0.0	0.0	0.0	0.0	0.0
TRADE						
Current prices Exports of Manufactures	US $	0.4	0.4	1.3	2.4	2.3
Current prices Exports of Nonfuel Primary Products	US $	5.6	3.6	6.7	10.6	11.8
Current prices Value of Exports	US $	6.0	4.0	8.0	13.0	14.0
Current prices Imports of Fuels	US $	2.1	2.4	3.4	5.4	7.4
Current prices Imports of Manufactures	US $	19.2	25.8	37.1	57.6	79.4
Current prices Imports of Nonfuel Primary Products	US $	10.7	10.9	15.5	24.1	33.2
Current prices Value of Imports, cif	US $	32.0	39.0	56.0	87.0	120.0
LOANS AND DEBT						
Long-Term Interest Payments	US $, as per IBRD DRS	0.1	0.1	0.2	0.3	0.1
Net Long-Term Loans	US $, as per IBRD DRS	0.2	0.3	0.4	(0.2)	1.9
Disbursements of Long-Term Loans	US $, as per IBRD DRS	0.4	0.5	0.5	0.0	2.0
Repayments on Long-Term Loans	US $, as per IBRD DRS	0.2	0.2	0.1	0.2	0.1
Public/Publicly Guar. Long-Term Debt	US $, IBRD DRS - end of y	8.2	8.7	9.5	8.3	10.2
Public Long Term Debt, IBRD & IDA	US $, IBRD DRS - end of y	4.1	4.1	4.9	5.0	6.4
Public Long Term Debt, Official Creditors	US $, IBRD DRS - end of y	7.7	8.0	8.5	7.3	9.3
Public Long Term Debt, Private Creditors	US $, IBRD DRS - end of y	0.5	0.7	1.0	1.0	0.9
BALANCE OF PAYMENTS						
Net Current Transfers	US $, BoP	48.8	52.0	57.4	96.8	117.8
Merchandise Exports, fob	US $, BoP	5.9	4.2	7.9	12.6	14.4
Exports of Goods & Services	US $, BoP	11.2	16.5	18.5	18.6	27.1
Non-Factor Services Receipts	US $, BoP	3.1	5.3	5.2	5.8	6.4
Factor Service Receipts	US $, BoP	3.2	7.0	5.4	0.2	6.3

DEVELOPMENT INDICATORS FOR LESOTHO
Based Upon World Bank Data
(Values in Millions)

TITLE	1975	1976	1977	1978	1979	1980	1981	1982
NATIONAL INCOME								
Current prices General Government Consumption	21.3	24.9	29.2	40.9	52.4	98.9	108.6	99.0
Current prices Private Consumption, etc.	167.2	210.5	264.2	300.7	353.7	395.3	473.7	596.4
Current prices Domestic Absorption	209.2	281.8	335.4	401.7	490.7	594.9	698.6	835.9
Current prices Exports of Goods & NF Services	14.6	21.3	19.0	36.4	50.0	61.9	63.4	57.5
Current prices GDP at Factor Cost	97.4	114.1	144.5	185.5	215.5	264.4	286.6	299.7
Current prices Gross Domestic Product	110.6	128.4	169.1	231.8	244.3	297.3	328.4	369.2
Current prices Gross Domestic Savings	(77.9)	(107.0)	(125.3)	(109.8)	(161.8)	(196.9)	(253.9)	(326.2)
Current prices Gross National Product	199.7	247.7	308.0	385.1	422.5	502.3	583.2	744.8
Current prices Gross National Savings	27.0	18.9	42.0	96.4	84.3	92.0	63.3	98.9
Current prices Imports of Goods & NF Services	113.2	174.7	185.3	206.3	296.4	359.5	433.6	524.2
Current prices Fixed Investment	20.7	45.5	40.3	51.0	72.7	93.5	107.4	143.0
Current prices Gross Domestic Investment	20.7	45.4	42.0	60.1	84.6	100.7	116.3	140.5
Current prices Net Factor Income (+) or Payments	89.1	119.3	139.9	152.3	178.2	205.0	254.8	375.6
Current prices Indirect Taxes Net of Subsidies	13.2	14.3	23.6	46.3	28.8	32.9	41.8	69.5
Current prices Resource Balance	(95.6)	(153.4)	(167.3)	(165.5)	(246.4)	(297.6)	(370.2)	(466.7)
Current prices Value Added in Agriculture	31.7	31.0	49.6	55.2	65.7	70.0	74.1	63.9
Current prices Value Added in Industry	12.9	21.7	22.4	43.5	54.0	64.8	64.3	82.7
Current prices Value Added in Manufacturing	5.6	6.2	7.2	10.1	11.9	13.9	16.8	22.2
Current prices Value Added in Services, etc.	52.9	61.4	72.5	86.8	95.8	129.6	148.2	153.1
GOVERNMENT								
GOVERNMENT DEFICIT (-) OR SURPLUS	(8.7)	(12.9)	(3.0)	0.0	0.0	0.0	0.0	0.0
Government Capital Payments	14.3	21.3	30.0	0.0	0.0	0.0	0.0	0.0
Government Capital Receipts	0.0	0.1	0.1	0.0	0.0	0.0	0.0	0.0
Government Current Budget Balance	5.6	8.4	26.9	0.0	0.0	0.0	0.0	0.0
Government Current Expenditure	26.8	31.9	43.1	0.0	0.0	0.0	0.0	0.0
Government Current Revenue	32.4	40.3	70.0	0.0	0.0	0.0	0.0	0.0
MONEY								
Money Supply, Broadly Defined	0.0	0.0	0.0	0.0	0.0	116.6	144.2	185.4
Money as Means of Payment	0.0	0.0	0.0	0.0	0.0	48.5	58.6	77.2
Quasi-Monetary Liabilities	0.0	0.0	0.0	0.0	0.0	68.1	85.6	108.2
Currency Outside Banks	0.0	0.0	0.0	0.0	0.0	6.9	10.6	17.8
Demand Deposits	0.0	0.0	0.0	0.0	0.0	41.5	48.0	59.4
TRADE								
Current prices Exports of Manufactures	3.5	2.9	7.9	10.5	14.2	12.3	12.0	9.2
Current prices Exports of Nonfuel Primary Products	13.5	11.2	24.2	34.5	43.8	38.7	38.0	25.9
Current prices Value of Exports	17.0	14.0	32.0	45.0	58.0	51.0	50.0	35.0
Current prices Imports of Fuels	9.9	12.7	14.1	16.8	23.0	30.2	34.7	31.6
Current prices Imports of Manufactures	105.5	136.9	151.5	180.6	238.2	307.0	352.0	348.7
Current prices Imports of Nonfuel Primary Products	44.3	57.3	63.4	75.6	111.9	152.9	177.3	133.7
Current prices Value of Imports, cif	160.0	207.0	229.0	273.0	373.0	490.0	564.0	514.0
LOANS AND DEBT								
Long-Term Interest Payments	0.2	0.3	0.2	0.3	0.5	1.5	1.6	4.7
Net Long-Term Loans	4.5	2.3	8.0	8.2	19.1	11.6	18.1	43.2
Disbursements of Long-Term Loans	4.5	2.5	8.1	8.8	20.8	14.9	20.9	47.6
Repayments on Long-Term Loans	0.0	0.2	0.1	0.6	1.7	3.3	2.8	4.4
Public/Publicly Guar. Long-Term Debt	14.1	16.1	24.0	32.5	52.1	62.7	77.1	117.6
Public Long Term Debt, IBRD & IDA	8.1	10.0	15.0	17.7	20.3	24.1	31.3	39.6
Public Long Term Debt, Official Creditors	13.4	15.5	23.4	31.9	43.7	51.3	61.5	99.9
Public Long Term Debt, Private Creditors	0.7	0.6	0.6	0.6	8.4	11.4	15.6	17.7

DEVELOPMENT INDICATORS FOR LESOTHO
Based Upon World Bank Data
(Values in Millions)

TITLE	1983	1984	1985	1986
NATIONAL INCOME				
Current prices General Government Consumption	111.2	124.9	0.0	0.0
Current prices Private Consumption, etc.	711.7	808.8	0.0	0.0
Current prices Domestic Absorption	923.4	1,096.2	0.0	0.0
Current prices Exports of Goods & NF Services	53.2	61.6	0.0	0.0
Current prices GDP at Factor Cost	310.1	375.3	0.0	0.0
Current prices Gross Domestic Product	396.8	480.1	575.1	649.8
Current prices Gross Domestic Savings	(426.1)	(453.6)	0.0	0.0
Current prices Gross National Product	835.2	987.7	1,252.4	1,415.0
Current prices Gross National Savings	100.8	179.9	0.0	0.0
Current prices Imports of Goods & NF Services	579.8	677.9	0.0	0.0
Current prices Fixed Investment	100.2	150.6	0.0	0.0
Current prices Gross Domestic Investment	100.5	162.5	0.0	0.0
Current prices Net Factor Income (+) or Payments	438.4	507.6	677.3	765.2
Current prices Indirect Taxes Net of Subsidies	86.7	104.8	0.0	0.0
Current prices Resource Balance	(526.6)	(616.1)	0.0	0.0
Current prices Value Added in Agriculture	75.3	98.0	0.0	0.0
Current prices Value Added in Industry	65.0	86.1	0.0	0.0
Current prices Value Added in Manufacturing	30.2	43.3	0.0	0.1
Current prices Value Added in Services, etc.	169.8	191.2	0.0	0.0
GOVERNMENT				
GOVERNMENT DEFICIT (-) OR SURPLUS	(19.7)	(12.6)	(27.9)	0.0
Government Capital Payments	52.9	84.6	58.8	0.0
Government Capital Receipts	1.1	0.0	0.0	0.0
Government Current Budget Balance	32.0	72.0	30.9	0.0
Government Current Expenditure	142.3	167.5	211.6	0.0
Government Current Revenue	174.3	239.5	242.5	0.0
MONEY				
Money Supply, Broadly Defined	217.0	250.3	310.7	352.1
Money as Means of Payment	94.7	103.3	132.1	154.6
Quasi-Monetary Liabilities	122.3	147.0	177.6	197.5
Currency Outside Banks	23.1	23.7	25.2	32.6
Demand Deposits	61.5	79.6	107.9	122.1
TRADE				
Current prices Exports of Manufactures	8.6	7.2	5.1	6.9
Current prices Exports of Nonfuel Primary Products	26.4	20.8	15.4	15.5
Current prices Value of Exports	35.0	28.0	20.5	24.3
Current prices Imports of Fuels	34.5	24.9	22.1	0.2
Current prices Imports of Manufactures	298.4	267.1	206.8	420.5
Current prices Imports of Nonfuel Primary Products	228.1	212.0	145.6	4.2
Current prices Value of Imports, cif	561.0	504.0	376.5	425.3
LOANS AND DEBT				
Long-Term Interest Payments	6.2	3.7	4.2	4.2
Net Long-Term Loans	19.5	9.0	25.0	12.2
Disbursements of Long-Term Loans	34.4	26.4	39.0	21.9
Repayments on Long-Term Loans	14.9	17.4	14.0	9.7
Public/Publicly Guar. Long-Term Debt	131.0	130.7	163.5	182.1
Public Long Term Debt, IBRD & IDA	47.9	53.2	61.9	68.6
Public Long Term Debt, Official Creditors	105.7	116.9	155.7	173.9
Public Long Term Debt, Private Creditors	25.3	13.8	7.8	6.2

DEVELOPMENT INDICATORS FOR LESOTHO
Based Upon World Bank Data
(Values in Millions)

TITLE	UNIT	1970	1971	1972	1973	1974
Factor Service Payments	US $, BoP	1.0	1.1	1.3	2.0	2.7
Merchandise Imports, fob	US $, BoP	30.5	37.3	53.0	82.8	114.3
Imports of Goods & Services	US $, BoP	41.0	51.9	68.6	101.7	144.2
Non-Factor Services Payments	US $, BoP	9.5	13.5	14.3	16.9	27.2
Increase (-) in Reserves	US $, BoP	0.6	(0.1)	0.0	(0.1)	(0.2)
Other Net Long-Term Inflows	US $, BoP	(0.1)	0.0	(0.1)	0.0	0.0
Current Account Balance	US $, BoP	18.9	16.6	7.3	13.7	0.7
Net Foreign Direct Investment	US $, BoP	0.0	0.0	0.0	0.0	0.0
Other Net Capital Inflows	US $, BoP	(19.6)	(16.8)	0.0	(13.4)	(2.4)
INDICIES						
Terms of Trade Index	US dollar-based	137.4	117.1	121.1	139.0	107.7
Constant price Exports, fob	1980 US $	18.5	12.7	21.6	23.7	22.4
Constant price Imports, cif	1980 US $	135.7	145.3	183.5	220.3	207.1
Domestic Absorption Deflator	1980=100	37.3	35.8	42.3	46.7	51.1
GDP Deflator	1980=100	37.3	34.1	43.5	47.0	47.3
Agricultural Value Added Deflator	1980=100	21.7	15.2	33.3	44.4	35.1
Industrial Value Added Deflator	1980=100	55.7	89.1	52.6	48.8	55.1
Manufacturing Employment	1980=100	0.0	0.0	64.1	96.7	96.8
Manufacturing Real Output per Employee	1980=100	0.0	0.0	35.4	54.4	54.5
Manufacturing Real Earnings per Employee	1980=100	0.0	0.0	0.0	65.4	67.6
Fuel Export Price Index	1980=100, US dollar-based	4.3	5.6	6.2	8.9	36.7
Manufactures Export Price Index	1980=100, US dollar-based	37.5	36.5	38.5	49.5	67.2
Nonfuel Primary Products Export Price Index	1980=100, US dollar-based	32.1	31.0	36.7	56.3	61.6
Export Price Index, fob	1980=100, US dollar-based	32.4	31.4	37.0	54.9	62.4
Import Price Index, cif	1980=100, US dollar-based	23.6	26.8	30.5	39.5	57.9
Conversion Factor, Annual Average	Local currency per U.S. d	0.7	0.7	0.8	0.7	0.7

DEVELOPMENT INDICATORS FOR LESOTHO
Based Upon World Bank Data
(values in Millions)

TITLE	1975	1976	1977	1978	1979	1980	1981	1982
BALANCE OF PAYMENTS								
Net Current Transfers	21.4	7.6	31.5	54.0	80.6	107.8	71.7	45.8
Merchandise Exports, fob	13.5	17.9	15.2	33.1	46.3	59.9	46.8	42.4
Exports of Goods & Services	152.5	172.6	200.0	233.5	284.9	360.0	387.3	433.5
Non-Factor Services Receipts	12.1	12.0	14.2	16.9	18.7	26.9	26.0	25.0
Factor Service Receipts	126.9	142.7	170.6	183.5	219.9	273.2	314.6	365.1
Factor Service Payments	4.5	4.2	5.0	5.8	5.9	7.3	8.7	12.4
Merchandise Imports, fob	151.4	189.5	210.7	243.1	324.2	426.1	450.9	449.0
Imports of Goods & Services	174.8	214.6	240.6	278.9	365.5	478.7	504.6	515.1
Non-Factor Services Payments	18.9	21.0	24.9	30.0	35.4	45.3	45.0	53.6
Increase (-) in Reserves	(0.7)	0.0	0.1	0.2	0.3	(42.9)	36.4	(13.6)
Other Net Long-Term Inflows	(0.5)	(0.2)	2.7	2.3	5.7	19.5	10.9	(20.5)
Current Account Balance	(1.1)	(34.2)	(9.2)	8.5	0.0	(11.1)	(45.6)	(35.8)
Net Foreign Direct Investment	0.0	0.0	0.0	0.0	0.1	4.6	4.8	3.9
Other Net Capital Inflows	(2.2)	32.0	(6.9)	(19.2)	(24.4)	19.3	(24.6)	22.8
INDICIES								
Terms of Trade Index	100.0	100.4	95.0	99.8	102.8	100.0	97.0	96.1
Constant price Exports, fob	27.9	21.8	45.4	53.7	62.1	51.0	52.0	38.5
Constant price Imports, cif	262.5	323.1	328.9	355.0	410.8	490.0	568.8	543.6
Domestic Absorption Deflator	52.8	61.3	65.3	73.2	85.7	100.0	110.0	127.9
GDP Deflator	61.7	64.5	69.2	80.8	82.3	100.0	112.0	124.7
Agricultural Value Added Deflator	46.2	47.8	60.9	60.9	70.0	100.0	108.5	107.0
Industrial Value Added Deflator	67.2	81.6	52.6	87.7	91.5	100.0	117.3	121.3
Manufacturing Employment	96.6	106.4	97.0	98.0	99.0	100.0	101.0	102.1
Manufacturing Real Output per Employee	59.8	58.8	60.2	61.8	83.2	100.0	107.6	125.7
Manufacturing Real Earnings per Employee	72.7	67.3	72.3	84.1	94.7	100.0	104.9	129.1
Fuel Export Price Index	25.7	28.4	42.0	42.3	61.?	100.0	112.5	101.6
Manufactures Export Price Index	66.1	66.7	71.7	76.1	90.0	100.0	99.1	94.8
Nonfuel Primary Products Export Price Index	59.9	63.8	64.5	76.9	94.5	100.0	95.3	89.5
Export Price Index, fob	61.0	64.4	66.1	76.7	90.3	100.0	96.2	90.9
Import Price Index, cif	61.0	64.1	69.6	76.9	90.8	100.0	99.2	94.6
Conversion Factor, Annual Average	0.7	0.9	0.9	0.9	0.8	0.8	0.9	1.1

DEVELOPMENT INDICATORS FOR LESOTHO
Based Upon World Bank Data
(Values in Millions)

TITLE	1983	1984	1985	1986
BALANCE OF PAYMENTS				
Net Current Transfers	79.5	87.5	61.8	55.9
Merchandise Exports, fob	31.6	26.8	23.0	24.5
Exports of Goods & Services	468.2	382.8	301.3	327.1
Non-Factor Services Receipts	24.0	19.0	16.0	16.8
Factor Service Receipts	412.5	337.0	262.3	285.8
Factor Service Payments	16.8	18.3	13.1	15.2
Merchandise Imports, fob	485.3	392.6	313.0	341.8
Imports of Goods & Services	547.6	447.4	356.5	392.3
Non-Factor Services Payments	45.5	36.4	30.4	35.3
Increase (-) in Reserves	(31.6)	(18.3)	(20.7)	(9.0)
Other Net Long-Term Inflows	(7.0)	2.4	(11.8)	(1.0)
Current Account Balance	0.1	23.0	6.6	(9.4)
Net Foreign Direct Investment	4.5	4.7	3.1	4.3
Other Net Capital Inflows	10.5	(20.9)	(2.2)	2.8
INDICIES				
Terms of Trade Index	96.1	90.4	97.8	83.9
Constant price Exports, fob	38.8	32.4	23.3	25.7
Constant price Imports, cif	597.3	526.8	418.3	376.2
Domestic Absorption Deflator	141.6	0.0	0.0	0.0
GDP Deflator	140.9	155.8	182.3	0.0
Agricultural Value Added Deflator	113.2	136.9	0.0	0.0
Industrial Value Added Deflator	148.1	169.5	0.0	0.0
Manufacturing Employment	103.1	104.1	105.2	0.0
Manufacturing Real Output per Employee	109.8	109.6	0.0	0.0
Manufacturing Real Earnings per Employee	112.2	114.4	116.4	0.0
Fuel Export Price Index	92.5	90.2	87.5	45.0
Manufactures Export Price Index	96.7	99.3	99.0	100.0
Nonfuel Primary Products Export Price Index	90.2	85.6	87.7	90.6
Export Price Index, fob	90.3	86.5	88.0	94.8
Import Price Index, cif	93.9	95.7	90.0	113.0
Conversion Factor, Annual Average	1.1	1.4	2.2	2.3

SOCIAL INDICATORS FOR LESOTHO
Based Upon World Bank Data

TITLE	UNIT	1970	1971	1972	1973	1974	1975
LAND							
Total land area	SQ KILOM.	30	30	30	30	30	30
Arable land	SQ KILOM.	4	4	4	4	4	4
Pasture land	SQ KILOM.	21	20	20	20	20	20
POPULATION							
Total population, (interp series)	NUMBER	1,064,001	1,089,001	1,114,001	1,139,001	1,166,001	1,192,001
Population, female	NUMBER	536,513	548,422	56[illegible],322	572,215	584,602	597,482
Population, male	NUMBER	527,487	539,578	551,678	563,786	576,398	589,517
Population, age 0-14	NUMBER	429,508	440,020	450,556	461,115	472,104	483,522
Population, age 15-64	NUMBER	588,617	5[illegible],785	617,326	625,641	636,481	651,845
Population, age 65+	NUMBER	45,875	45,996	48,119	49,244	50,415	51,622
Urban population total	NUMBER	27,664	[illegible]	32,562	35,700	38,290	41,545
Urban population as % total	PERCENT	3	3	3	3	3	4
DEMOGRAPHIC CHARACTERISTICS							
Crude birth rate, (interp series)	NUMBER	42	42	42	42	42	42
Crude death rate (interp series)	NUMBER	17	17	17	17	17	16
Infant mort rate, age 0-1 (interp series)	NUMBER	134	132	130	129	127	125
Child mort rate, age 1-4 (interp series	NUMBER	19	.	0	0	0	0
Life expectancy, total	NUMBER	49	49	49	49	50	50
Life expectancy, males (interp series	NUMBER	46	45	45	48	49	49
Life expectancy, female	NUMBER	51	51	51	51	52	52
Total fertility rate (interp series)	NUMBER	6	6	6	6	6	6
Contraceptive users	NUMBER	0	0	0	0	0	0
Persons per household	NUMBER	0	0	0	0	0	0
Persons per household, rural	NUMBER	0	0	0	0	0	0
Persons per household, urban	NUMBER	0	.	0	0	0	0
HEALTH AND NUTRITION							
Number of physicians	NUMBER	35	0	0	0	0	0
Population per physician	NUMBER	30	0	0	0	.	.
Number of nurses	NUMBER	0	.	.	.	301	.
Population per nurse	NUMBER	0	0	0	0	4	0
Number of hospital beds	NUMBER	1,9[illegible]		0	.	0	0
Pop per hospital bed	NUMBER	1	0	0	0	0	0
Daily calorie intake	NUMBER	[illegible]	[illegible]	1,975	1,902	[illegible]	[illegible]44
Daily calorie requirement	NUMBER	0	.	0	0	0	0
Daily protein supply (gms)	NUMBER	60	62	59	60	64	62
% Dwellings w/electricity	PERCENT	0	0		0	0	0
Safe water access as % of population	PERCENT	3	0	0	0	0	17
Safe water, rural	PERCENT	1	.	0	0	0	14
Safe water, urban	PERCENT	100	--	0	0	0	65
EDUCATION							
Gross enrollment ratio	PERCENT	87	0	0	0	0	105
Gross enrollment ratio, male	PERCENT	71	0	0	0	0	97
Gross enrollment ratio, female	PERCENT	101	.	0	0	0	122
% Pups reaching grade 6	PERCENT	0	0	0	0	0	38
Illiterate population as % pop age 15+	PERCENT	0	0	0	0	0	0
EMPLOYMENT							
Labor force size	NUMBER	545,000	555,400	565,800	576,200	586,600	597,000
Labor participation rate	PERCENT	51	0	0	0	0	50
Male labor participation rate	PERCENT	56	0	0	0	0	56
Female labor participation rate	PERCENT	47	0	0	0	0	45
Female labor force as % total labor force	PERCENT	48	49	48	47	47	47
Labor in agriculture as % total	PERCENT	90	90	89	89	88	88
Labor in industry	PERCENT	3	3	3	3	4	4
Labor in services	PERCENT	7	7	8	8	8	9

SOCIAL INDICATORS FOR LESOTHO
Based Upon World Bank Data

TITLE	1976	1977	1978	1979	1980	1981	1982
LAND							
Total land area	30	30	30	30	30	30	30
Arable land	4	3	3	3	3	3	[illegible]
Pasture land	20	20	20	20	20	20	20
POPULATION							
Total population, (interp series)	1,220,001	1,252,001	1,286,001	1,320,001	[illegible]	[illegible]	1,428,001
Population, female	613,912	628,319	643,220	658,615	674,000	[illegible]	[illegible]
Population, male	606,088	620,651	635,780	651,386	667,000	683,414	700,325
Population, age 0-14	498,476	511,864	525,727	540,068	554,477	572,164	[illegible]
Population, age 15-64	668,533	682,967	[illegible]	[illegible]	[illegible]	742,517	[illegible]
Population, age 65+	[illegible]	54,174	55,394	56,653	57,908	59,320	60,770
urban population total	54,169	70,353	91,394	118,753	154,215	[illegible]	[illegible]
Urban population as % total	5	[illegible]	6	[illegible]	12	0	0
DEMOGRAPHIC CHARACTERISTICS							
Crude birth rate, (interp series)	42	42	42	42	41	41	41
Crude death rate (interp series)	16	16	16	15	15	15	15
Infant mort rate, age 0-1 (interp series)	124	[illegible]	121	[illegible]	[illegible]	[illegible]	111
Child mort rate, age 1-4 (interp series)	[illegible]	0	0	0	0	0	[illegible]
Life expectancy, total	51	51	51	52	52	53	[illegible]
Life expectancy, males (interp series)	49	[illegible]	50	50	[illegible]	51	[illegible]
Life expectancy, female	52	[illegible]	53	54	54	54	55
Total fertility rate (interp series)	[illegible]	[illegible]	6	6	[illegible]	[illegible]	[illegible]
Contraceptive users	0	5	0	0	0	0	[illegible]
Persons per household	[illegible]	4	[illegible]	[illegible]	[illegible]	0	[illegible]
Persons per household, rural	[illegible]	4	0	0	0	0	[illegible]
Persons per household, urban	0	4	0	0	0	0	0
HEALTH AND NUTRITION							
Number of physicians	0		[illegible]	0	0	0	0
Population per physician	0	0	0	0	0	0	[illegible]
Number of nurses	[illegible]	[illegible]	[illegible]		[illegible]	[illegible]	0
Population per nurse	0	0	0	0	0	[illegible]	[illegible]
Number of hospital beds	0	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Pop per hospital bed	[illegible]	0	0	0	0	0	0
Daily calorie intake	2,159	2,310	2,367	[illegible]	[illegible]	[illegible]	[illegible]
Daily calorie requirement	[illegible]	[illegible]	0	0	0	0	0
Daily protein supply (gms)	65	68	70	70	71	[illegible]	[illegible]
% Dwellings w/electricity	0	[illegible]	[illegible]	[illegible]	[illegible]	0	0
Safe water access as % of population	[illegible]	[illegible]	0	[illegible]	14	0	0
Safe water, rural	0	0	[illegible]	0	14	0	0
Safe water, urban	0	0	0	0	[illegible]	0	0
EDUCATION							
Gross enrollment ratio	[illegible]	105	103	104	102	0	110
Gross enrollment ratio, male	[illegible]	84	[illegible]	84	[illegible]	0	94
Gross enrollment ratio, female	125	125	124	[illegible]	0	0	[illegible]
% Pups reaching grade 6	0	0	0	0	[illegible]	0	[illegible]
Illiterate population as % pop age 15+	0	0	0	0	[illegible]	0	[illegible]
EMPLOYMENT							
Labor force size	610,000	623,000	636,000	649,000	662,000	675,800	689,600
Labor participation rate	0	0	0	0	49	0	0
Male labor participation rate	0	0	0	0	[illegible]	0	0
Female labor participation rate	0	0	0	0	44	0	0

SOCIAL INDICATORS FOR LESOTHO
Based Upon World Bank Data

TITLE	1983	1984	1985	1986
LAND				
Total land area	30	30	30	0
Arable land	3	3	3	0
Pasture land	20	20	20	0
POPULATION				
Total population, (interp series)	1,466,001	1,505,001	1,545,001	1,58[illegible]
Population, female	725,266	742,858	764,536	0
Population, male	717,734	735,143	750,464	0
Population, age 0-14	609,434	628,[illegible]	648,807	0
Population, age 15-64	771,309	785,650	800,874	0
Population, age 65+	62,258	63,740	65,219	0
Urban population total	1[illegible],965	207,981	224,220	0
Urban population as % total	0	0	17	0
DEMOGRAPHIC CHARACTERISTICS				
Crude birth rate, (interp series)	41	41	41	0
Crude death rate (interp series)	0	0	14	0
Infant mort rate, age 0-1 (interp series)	109	108	10[illegible]	0
Child mort rate, age 1-4 (interp series)	0	14	14	0
Life expectancy, total	53	54	54	0
Life expectancy, males (interp series)	0	0	53	0
Life expectancy, female	0	0	56	0
Total fertility rate (interp series)	6	6	6	0
Contraceptive users	0	0	0	0
Persons per household	0	5	0	0
Persons per household, rural	0	0	0	[illegible]
Persons per household, urban	0	[illegible]	[illegible]	[illegible]
HEALTH AND NUTRITION				
Number of physicians	0	[illegible]	[illegible]	[illegible]
Population per physician	0	0	0	[illegible]
Number of nurses	0	0	0	[illegible]
Population per nurse	0	0	0	0
Number of hospital beds	0	0	0	0
Pop per hospital bed	0	[illegible]	0	0
Daily calorie intake	2,381	2,358	2,299	0
Daily calorie requirement	0	0	[illegible]	0
Daily protein supply (gms)	70	69	56	0
% Dwellings w/electricity	0	5	0	0
Safe water access as % of population	0	0	0	0
Safe water, rural	0	0	0	0
Safe water, urban	0	0	0	0
EDUCATION				
Gross enrollment ratio	111	112	115	[illegible]
Gross enrollment ratio, male	97	98	102	0
Gross enrollment ratio, female	126	1,125	127	0
% Pups reaching grade 6	44	0	0	0
Illiterate population as % pop age 15+	0	0	0	0
EMPLOYMENT				
Labor force size	7[illegible]3,400	717,200	731,000	746,[illegible]
Labor participation rate	0	0	48	0
Male labor participation rate	0	0	55	0
Female labor participation rate	0	0	41	0

SOCIAL INDICATORS FOR LESOTHO
Based upon World Bank Data

TITLE	1976	1977	1978	1979	1980	1981	1982
Female labor force as % total labor force	4[illegible]	4[illegible]	4[illegible]	4[illegible]	4[illegible]	[illegible]	45
Labor in agriculture as % total	85	87	87	87	86	.	.
Labor in industry	4	4	4	4	4	0	0
Labor in services	9	9	9	9	10	0	[illegible]

SOCIAL INDICATORS FOR LESOTHO
Based Upon World Bank Data

TITLE	1983	1984	1985	1986
Female labor force as % total labor force	45	45	45	44
Labor in agriculture as % total	0	0	0	0
Labor in industry	[illegible]	0	0	0
Labor in services	0	0	0	0

SWAZILAND:

ECONOMIC POLICY PROFILE

1. LIBERALIZATION STRATEGY OVERVIEW (1)

The nature of Swaziland's efforts at liberalization and economic reform are a function of its location, economic structure and organization, and exceedingly open economy. Nearly surrounded by South Africa and being a member of the Southern African Customs Union (SACU) and the Common Monetary Area (CMA) which was formerly called the Rand Monetary Area, there is a tight linkage of the country's economic performance to South Africa and little room for independent fiscal or monetary policy. The private sector plays a large role in the economy which has a strong market orientation, with prices signaling resource allocation and providing incentives for efficient production.

Swaziland's membership in SACU, along with Botswana, Lesotho and South Africa, means that import tariffs and conditions are determined by South Africa, though provision is made for consultation among the Customs Union members. The provision for tariff protection of infant industries has not generally been exercised by Swaziland to protect new industry. Some efforts at restriction of food imports competing with local produce have been undertaken but overall restraints on imports are minimal.

The discussion in this paper is based upon analyses and documents of the World Bank, the International Monetary Fund, and U.S. A.I.D. It is intended to provide an overview of issues and progress concerning economic management of Swaziland's economy and to assist U.S. A.I.D. in considering a five year development strategy for Southern Africa.

Government revenues are largely derived from a share of SACU collections, with the tariff rates and terms basically beyond Swaziland's control. Prices are tightly linked to those in South Africa due to an open border and minimal restrictions on imports and exports. Inflation rates are therefore determined by events in the South African economy, even though Swaziland at least nominally controls prices of many essential commodities including those under exclusive local production.

The Swazi currency, the lilangeni, is completely backed by rands, rand deposits and South African government securities; thus the lilangeni is freely convertible with other world currencies. The South African Rand circulates freely along side of Swazi currency and there are no restrictions on the movement of funds within the 3 nation CMA, whose other partners are Lesotho and South Africa. The linkage to CMA, however constrains the potential of monetary policy, as interest rates and credit availability derive from management of the South African economy.

Given it limited freedom to conduct independent macroeconomic policy, Swaziland has pursued a policy of encouraging private investment and initiative within a largely free enterprise economy, where the government is basically confined to providing public infrastructure and a suitable investment climate. The management of tax and loan policies has been used to entice private investment, both domestic and foreign. This has worked relatively well in a situation where the Swazi economy is attractive, being politically stable, with access to foreign exchange and labor as well as the South African economy, and a "safe harbor" of sorts from the disruptions and liabilities of locating production facilities in South Africa itself.

Other linkages to the South African economy stem from investment, trade and labor migration. Exports are one half of GDP while imports are equivalent to two thirds of aggregate expenditure. One third of these exports go to South Africa while 80 percent of imports come from South Africa, including 100 percent of energy imports. A large and rising proportion of trade transits through South Africa. The number of Swazi workers in South African mines has been increasing steadily over the past 5 years, with some one third of formal sector employment in Swaziland deriving from such labor. South African investments in Swazi facilities add to the tight linkages of the two economies.

Market forces are central to both economic policies and development strategy in Swaziland. Few prices are controlled and even controlled prices for commodities are adjusted frequently according to market forces so that no budgetary subsidies result. Public enterprises are limited to rail, airline and public utilities, with the Government more recently adding some investments in tourism; the Government is also a minority partner in some firms, including the newly created Swaziland Industrial Development Corporation, a private company in which multilateral and bilateral agencies hold a controlling interest.

Private investment must provide the main impetus to growth over the medium term in this situation. The planning process focuses primarily on provision of services and infrastructure support, which is increasingly finding favor with investor interest from outside. Swaziland's access to markets in South Africa and the region, as well as other key markets. underlies this interest, as does the country's membership in the Lome Agreement. For such private investment that contributes to employment, the balance of payments in the case of exports, the budget, and growth, assurances must be provided that value added of a minimum amount (such as 25%) is contained in goods advertised as originating in the country. Failing the local content there would be very little benefit accruing to Swaziland products trans-shipped through for political purposes to gain access to regional and foreign markets for essentially South African products.

Employment opportunities for a rapidly growing labor force is perhaps the central development problem. To the extent that employment opportunities for Swazis in South Africa cannot be assured in the future, this safety valve for domestic surplus labor is uncertain. A continuing migration of refugees from Mozambique adds to the employment demand. Wages must be competitive and restrained if employment is to derive from additional investment in the magnitudes required. Government does not intervene in private sector wage decisions, but does use the establishment of public sector wages and the minimum wage as tools to promote wage moderation.

Availability of credit is a key to stimulating development of small businesses and agriculture. The financial system has had difficulties in granting credit to such small borrowers and the losses have been heavy. More successful credit programs for small business and agriculture, especially within the traditional land tenure system, are needed. The country has been a beneficiary of depositors' increasing preferences to keep funds in Swaziland rather than South Africa, even though where deposit rates are higher. A progressive lowering of deposit rates there has not stemmed this influx of deposits. At the same time, lending rates have been pegged to those in

South Africa, thus making capital expensive while loans granted have been lucrative for banks. There is a need for institutional innovation and increased competition in the financial sector if available capital is to be distributed more widely and to be channelled into priority private sector uses consistent with national objectives.

Strong export growth stemming from new investments in manufacturing and mining offers prospects for improved balance of payments conditions over the medium-term. This will likely support substantial growth in imports in real terms. But all of this is linked to maintaining competitiveness in world markets, which is tied to South Africa's policy of depreciating the rand to maintain its own competitiveness for nongold exports. An alternative, if the rand is allowed to appreciate, could be abandonment of the peg between the rand and the lilangeni. The costs of such a devaluation against the rand could come in terms of inflation and erosion of confidence, perhaps affecting capital movements and the interest rate. The tight relationship of the two economies means that a devaluation would not likely produce a major shift in the level or structure of prices of goods. Devaluation would then have to provide benefits via wage competitiveness, real incomes and absorption. Other policy instruments might be better to achieve increased competitiveness, since exchange rate policies may not be a close substitute for fiscal policy measures.

2. KEY POLICY ELEMENTS

2.A. Exchange Rate Management

The Swazi currency is pegged to the South African rand on a one to one basis. The Central Bank of Swaziland quotes exchange rates for the various convertible currencies and also for the PTA and SADCC countries in Africa. There are no taxes or subsidies on purchases or sales of foreign exchange. Within the CMA, which is treated as a single exchange control territory, no restrictions are applied to payments. Similarly for countries outside of the CMA, Swaziland applies exchange controls similar to those of South Africa. There are no bilateral payments arrangements.

Payments for imports within the customs union are made in domestic currency which is freely convertible; payments for other imports are supported by automatic availability of foreign exchange upon issuance of import licenses. Export proceeds from outside of SACU are to be surrendered to the Central Bank as part of the country's foreign reserves. Invisibles are similarly relatively free of control. Payments to nonresidents for current transactions, while under Government control, are usually not restricted. Capital being brought into the country must have prior approval of the Central Bank, which then facilitates later repatriation of interest, dividends, profits and other income.

2.B. Import Administration

For a member of the SACU there are no import restrictions on goods originating in any member country of the customs union. Imports from South Africa do not require import licenses even where such goods originate outside the customs union. For imports from non-SACU countries import licenses are required, which entitle the holder to purchase foreign exchange. As a net importer of some food products (maize, vegetables and processed food) there is room for some import substitution if efficiently produced. Encouragement would have to come through indirect encouragement in light of the common tariff structure of SACU, although there is provision for some infant industry protection.

2.C. Export Policies

Swaziland licenses all exports, primarily for revenue reasons. Goods shipped to other SACU countries are licensed for purposes of taxation whereas goods shipped outside SACU are licensed primarily to assure realization of export proceeds, to be surrendered into the country's foreign reserves.

2.D. Industrial Policies

The composition of industrial activities derives from the overall structure of the economy. Swaziland is well endowed with productive soils and water ranging over a number of micro-climates. These resources support a diversity of crops and harvest times as well as wide-spread commercial forests. There are also mineral resources, including iron ore, gold, asbestos, coal, daolin and diamonds and proven reserves of tin copper, nickel and chrome yet to be exploited. Public infrastructure is well developed so that products can easily move through all parts of the country and into South Africa and beyond.

Agricultural and forest products are the country's basic output and comprise approximately one quarter of GDP. Some of these commodities are processed and manufactured by an industrial sector which also produces inputs and some consumer goods; it comprises another quarter of GDP, half of that representing the processing of domestic agricultural and forest commodities. Mining has been variable in its size, with iron ore ceasing but diamonds adding to activity in that sector. Government forms the third largest sector at some 22 percent of GDP.

Industrial policy revolves primarily around investment stimulation and efforts to improve the work skills of the population. Capital formation has been high, especially by African standards, with much of the investment going to the private sector. But the ratio of investment to resulting output has been quite low because of the exceptionally open economy and resulting leakage into increased imports mostly from South Africa and because government investment has gone into long gestation infrastructure projects. The tight linkage of the economy to South Africa provides a generally favorable climate within which foreign investors can operate, while sanctions and their threat in South Africa encourage diversion of some investment projects and capital to Swaziland. A shortage of middle-level managers and skilled workers is one of the few constraints on additional production, especially in the manufacturing sector. Continuing national resources, supplemented by donors, are going into manpower training and education.

Swaziland has a sound economic and financial environment within which investment can generate additional production capacity. Prices are allowed to operate freely to signal scarcity and efficiency aspects of production. Minimal government involvement in the economy means that the types of manufacturing entities arising will largely be sound, financially viable and competitive with regional and world prices of competing products. Thus, growth has and will focus on resource- and agro-based private industry. As long as macroeconomic policies are kept steady and severe disruption does not flow through South Africa to affect Swaziland, the major constraint on manufacturing activity will likely be a scarcity of skilled labor. With programs and projects in place to help alleviate this bottleneck, Swaziland is well positioned to take advantage of the changing investment climate in South Africa and the appeal of Swaziland's economic stability to attract investors positioning for the Southern African regional market.

The Government has instituted an active policy to attract new producers, built around a number of incentives to the first firm in a new industry. These include a 5 year tax holiday on profits up to one and one half times the initial capital investment. More generally, the country can offer an opportunity to export to South Africa within the SACJ and to other favored markets in the PTA and SADCC as well as the European Economic Community under the Lome Convention.

Any strategy of industrial development must include several measures: aggressive efforts to attract investors from industrial and Far East countries; and strengthening of key institutions such as the National Industrial and Development Corporation, Small Enterprises Development Company and the Swaziland Development and Savings Bank so that they can help new investors and small enterprises financially and technically. Such a strategy will help exploit the good potential in the country for agro-processing and rural-based production. Competition with Swaziland is intense from the homelands in South Africa which offer lucrative incentives to new investors, although there are increasing reasons for investors to question placing additional production facilities inside of South Africa given favorable alternatives close-by.

3E. Price Regulation

The open, market oriented nature of the country's economy means that nearly all prices are market determined. The only exceptions are the consumer price of fuel and producer prices of cotton, milk, maize and tobacco. These producer prices are adjusted frequently to market conditions, especially to changes occurring in South Africa. This tight linkage to South Africa means that Swaziland inflation follows closely trends in South Africa, except for differential sales taxes and transport costs. Thus, when the rand was depreciated in 1985 against major world currencies there was a sharp increase in inflation in both countries due to higher domestic costs of imports. More recent increases in South African inflation will be passed through to have similar impacts on Swaziland.

2.F. Fiscal Policies

Control over fiscal policy is limited in Swaziland to the extent that a major source of revenue is derived from receipts from the country's membership in SACU. There is a formula used for determining Swaziland's share, which among other aspects bases the current revenue transfers on activities in the customs pool two years previously. Over half of revenue comes from SACU receipts which itself is a decline from prior proportions of revenue. Sales tax revenue has increased substantially in absolute terms and as a percent of total revenue, partly due to major rate increases in 1986. An income tax on individual and businesses comprise the rest of the major sources of revenue.

Expenditures are divided between recurrent and capital projects. Government has been relatively responsible in limiting expenditures such that the fiscal deficit has been below 3 percent of GDP. In the face of declining revenue, Government has been able to restrict capital projects and make cuts in recurrent expenditures including a slowing of civil service employment. Financial improvements are needed in some government agencies and in parastatals requiring government subsidies, including the Central Transport Administration, Royal Swazi Airways, Swaziland Railways, and the National Industrial and Development Corporation of Swaziland. A Public Enterprise Monitoring Unit and measured to improve efficiency in these public entities have been of some help, but more effort is required. In addition, a close scrutiny of the efficiency of public expenditure is necessary. This should evaluate the objectives of services like education, where increased emphasis on vocational and skilled manpower training may increase productivity in the economy and reduce bottlenecks caused by shortages. Similarly evaluation of health expenditures may improve services and provide for better maintenance of facilities already constructed. Improved project identification and implementation requires better management and coordination with private sector investments. Donor coordination and effective use of external assistance programs would increase the flow of resources and raise the country's absorptive capacity.

2.G. Financial Sector Policies

The Central Bank is responsible for currency issue, management of public debt, administration of exchange controls, and regulation of financial institutions. Starting April 1, 1986 when the Rand Monetary Area was renegotiated and renamed the CMA, the rand ceased to be legal tender in Swaziland, the requirement that it be backed by rand for the Central Bank's issuance of emalangeni was removed, and the country became free to conduct its own independent exchange rate policy. However, in practice the rand continues to circulate and back the Swazi currency.

Interest rates in Swaziland are largely determined by economic conditions in South Africa, which is reinforced by the right of Swazi citizens to bank in South Africa or Lesotho. Practical considerations, apparently, encourage a large number of Swazis to hold their bank balances in Swaziland even when the deposit rates earned are below those offered in South Africa. Lending rates in Swaziland, on the other hand, have closely tracked those of South Africa, making for a large spread between deposit and lending rates. When South Africa depreciated its currency (and thus the lilangeni in practice) and inflation spiraled in 1984 and 1985, interest rates rose rapidly. Since that time, however, rates have declined following the influence of South African monetary policy. In Swaziland the prime lending rate has mostly remained positive, standing above the rate of inflation; but the interest rate spread means that the deposit rate has been sharply negative.

2.H. Other Policies

Agricultural growth is a key to provision of employment, growth of commodity exports, and expansion of manufacturing prospects in agro-processing. Development of commercial agriculture and forestry on privately-owned land has been satisfactory in the past, resulting in capital-intensive, export oriented production of sugar cane, wood pulp, cotton, pineappleand citrus. But development of the Swazi National Land (SNL) which is owned by the King and administered by local chiefs has been a disappointment. A Rural Development Area Program sought to develop SNL land, but was not successful. Despite provision of social and economic infrastructure within a program intended to use technology and extension services to raise yields, output did not increase. One cause of the problem was an assumption that the program would result in additional labor applications on the land; the reality has been a heavy diversion of rural labor to wage jobs in the modern sector with which rural agricultural compensation did not compete. As the urban-rural wage differential narrows due to rising unemployment in urban areas, higher population growth, and declining opportunities for workers to migrate to South Africa, the problem may be narrowed but not eliminated. And yet, the rural sector will have to generate most of the new employment opportunities in the future. Improvements in labor productivity, which raise income generation possibilities, can contribute to solving this problem. Likewise more attention needs to be focused on the degree to which the SNL land tenure system is a bottleneck to development and discourages the type of investment which would raise agricultural productivity.

DEVELOPMENT INDICATORS FOR SWAZILAND
BASED UPON WORLD BANK DATA
(Values in Millions)

TITLE	UNIT	1970	1971	1972	1973	1974
NATIONAL INCOME						
Current prices General Government Consumption	Local currency	18.2	17.8	24.2	27.6	36.1
Current prices Private Consumption, etc.	Local currency	48.7	57.0	59.9	64.4	53.5
Current prices Domestic Absorption	Local currency	84.6	96.5	111.0	126.7	[illegible]
Current prices Exports of Goods & NF Services	Local currency	59.9	66.2	75.6	106.4	146.4
Current prices GDP at Factor Cost	Local currency	72.6	89.2	95.9	116.6	136.4
Current prices Gross Domestic Product	Local currency	89.9	109.1	120.5	148.6	177.4
Current prices Gross Domestic Savings	Local currency	22.6	34.2	26.4	56.6	87.8
Current prices Gross National Product	Local currency	79.4	100.1	108.9	127.7	162.7
Current prices Gross National Savings	Local currency	0.0	0.0	0.0	0.0	84.2
Current prices Imports of Goods & NF Services	Local currency	54.6	53.6	66.1	86.5	106.4
Current prices Fixed Investment	Local currency	0.0	0.0	0.0	0.0	0.0
Current prices Gross Domestic Investment	Local currency	17.3	21.7	26.9	34.7	47.9
Current prices Net Factor Income (+) or Payments	Local currency	(10.5)	(9.0)	(11.6)	(20.9)	(14.7)
Current prices Indirect Taxes Net of Subsidies	Local currency	17.3	20.9	24.6	32.0	41.0
Current prices Resource Balance	Local currency	5.3	12.6	9.5	21.9	[illegible]
Current prices Value Added in Agriculture	Local currency	24.1	32.7	31.7	41.6	47.7
Current prices Value Added in Industry	Local currency	19.2	21.8	26.7	30.4	35.3
Current prices Value Added in Manufacturing	Local currency	0.0	0.0	0.0	0.0	0.0
Current prices Value Added in Services, etc.	Local currency	29.3	32.7	37.5	44.6	53.4
GOVERNMENT						
GOVERNMENT DEFICIT (-) OR SURPLUS	Local currency	0.0	(2.0)	(4.6)	(10.8)	1.7
Government Capital Payments	Local currency	0.0	3.5	8.2	16.8	19.0
Government Capital Receipts	Local currency	0.0	0.0	0.0	0.0	0.1
Government Current Budget Balance	Local currency	0.0	1.5	3.6	6.1	20.6
Government Current Expenditure	Local currency	0.0	16.0	17.8	22.5	25.6
Government Current Revenue	Local currency	0.0	17.5	21.4	28.6	46.2
MONEY						
Money Supply, Broadly Defined	Local currency	0.0	0.0	0.0	0.0	57.2
Money as Means of Payment	Local currency	0.0	0.0	0.0	0.0	16.9
Quasi-Monetary Liabilities	Local currency	0.0	0.0	0.0	0.0	[illegible]
Currency Outside Banks	Local currency	0.0	0.0	0.0	0.0	3.3
Demand Deposits	Local currency	0.0	0.0	0.0	0.0	13.6
TRADE						
Current prices Value of Exports	US $	0.0	0.0	0.0	0.0	0.0
Current prices Value of Imports, cif	US $	0.0	0.0	0.0	0.0	0.0
LOANS AND DEBT						
Long-Term Interest Payments	US $, as per IBRD DRS	[illegible]	1.7	1.4	1.7	[illegible]
Disbursements of Long-Term Loans	US $, as per IBRD DRS	3.5	0.2	6.0	11.2	3.3
Net Long-Term Loans	US $, as per IBRD DRS	2.3	(2.4)	(1.2)	3.2	[illegible]
Repayments on Long-Term Loans	US $, as per IBRD DRS	1.5	2.6	7.2	8.0	3.3
Identified Short-Term Debt	US $, end of year	0.0	0.0	0.0	0.0	0.0
Public/Publicly Guar. Long-Term Debt	US $, IBRD DRS - end of y	37.0	34.5	32.6	36.9	36.3
Public Long Term Debt, IBRD & IDA	US $, IBRD DRS - end of y	9.0	5.6	8.5	8.5	8.1
Public Long Term Debt, Official Creditors	US $, IBRD DRS - end of y	20.9	21.0	21.7	32.1	34.1
Public Long Term Debt, Private Creditors	US $, IBRD DRS - end of y	16.1	13.6	10.9	4.8	2.2
BALANCE OF PAYMENTS						
Net Current Transfers	US $, BoP	0.0	0.0	0.0	0.0	16.4
Merchandise Exports, fob	US $, BoP	0.0	0.0	0.0	0.0	178.2
Exports of Goods & Services	US $, BoP	0.0	0.0	0.0	0.0	206.1
Non-Factor Services Receipts	US $, BoP	0.0	0.0	0.0	0.0	[illegible]
Factor Service Receipts	US $, BoP	0.0	0.0	0.0	0.0	4.3
Factor Service Payments	US $, BoP	0.0	0.0	0.0	0.0	35.4
Merchandise Imports, fob	US $, BoP	0.0	0.0	0.0	0.0	111.7
Imports of Goods & Services	US $, BoP	0.0	0.0	0.0	0.0	179.7
Non-Factor Services Payments	US $, BoP	0.0	0.0	0.0	0.0	29.6

DEVELOPMENT INDICATORS FOR SWAZILAND
BASED UPON WORLD BANK DATA
(Values in Millions)

TITLE	1975	1976	1977	1978	1979	1980	1981	1982
NATIONAL INCOME								
Current prices General Government Consumption	35.6	42.0	54.2	70.2	74.9	79.9	93.9	117.9
Current prices Private Consumption, etc.	105.5	104.6	146.8	181.5	273.3	358.9	454.7	451.4
Current prices Domestic Absorption	179.1	216.2	[illegible]	393.6	496.3	610.4	704.1	738.3
Current prices Exports of Goods & NF Services	155.5	179.4	172.9	185.4	221.2	325.7	388.0	416.7
Current prices GDP at Factor Cost	161.2	186.3	214.2	[illegible]	[illegible]	365.7	444.7	468.6
Current prices Gross Domestic Product	213.4	235.3	263.5	323.3	372.8	465.3	554.1	571.4
Current prices Gross Domestic Savings	72.3	88.7	62.5	71.6	24.6	26.5	5.5	2.1
Current prices Gross National Product	211.6	232.4	260.7	280.6	353.9	460.1	561.4	558.4
Current prices Gross National Savings	79.4	85.0	71.4	56.7	49.3	78.6	59.5	76.3
Current prices Imports of Goods & NF Services	121.2	160.3	181.5	256.7	344.7	470.8	538.0	580.6
Current prices Fixed Investment	0.0	0.0	68.1	144.9	142.1	147.8	140.2	145.6
Current prices Gross Domestic Investment	38.0	69.6	71.1	141.9	148.1	171.6	155.5	169.0
Current prices Net Factor Income (+) or Payments	(1.8)	(2.9)	(2.8)	(42.7)	(18.9)	(5.2)	7.3	17.0
Current prices Indirect Taxes Net of Subsidies	52.2	49.0	49.7	62.4	73.5	99.6	109.4	[illegible]
Current prices Resource Balance	34.3	19.1	(8.6)	(70.3)	(123.5)	(145.1)	(150.0)	(166.9)
Current prices Value Added in Agriculture	53.5	55.7	0.0	0.0	0.0	0.0	0.0	0.0
Current prices Value Added in Industry	41.0	46.5	0.0	0.0	0.0	0.0	0.0	0.0
Current prices Value Added in Manufacturing	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Current prices Value Added in Services, etc.	66.7	84.1	0.0	0.0	0.0	0.0	0.0	0.0
GOVERNMENT								
GOVERNMENT DEFICIT (-) OR SURPLUS	17.4	(8.5)	(8.6)	[illegible]	3.9	27.5	(48.9)	(31.8)
Government Capital Payments	22.9	22.9	41.2	89.9	70.3	50.3	73.3	76.9
Government Capital Receipts	0.0	0.0	0.0	0.1	0.1	0.1	0.1	0.1
Government Current Budget Balance	40.3	14.5	32.7	49.8	72.7	77.7	24.4	59.9
Government Current Expenditure	29.7	40.2	48.5	55.4	60.2	78.6	111.7	124.0
Government Current Revenue	70.0	54.7	81.2	105.2	133.9	156.3	136.1	183.9
MONEY								
Money Supply, Broadly Defined	81.7	98.6	106.0	122.5	135.7	151.5	165.4	163.6
Money as Means of Payment	23.4	28.8	34.2	37.2	40.9	49.9	51.1	58.1
Quasi-Monetary Liabilities	58.3	69.8	71.8	[illegible]	94.8	101.6	114.3	105.5
Currency Outside Banks	5.1	6.5	7.3	8.9	9.6	11.9	14.4	15.0
Demand Deposits	18.3	22.2	26.8	28.3	31.3	38.0	36.7	43.1
TRADE								
Current prices Value of Exports	0.0	0.0	0.0	0.0	0.0	368.4	391.0	341.0
Current prices Value of Imports, cif	0.0	0.0	0.0	0.0	0.0	596.0	550.0	450.0
LOANS AND DEBT								
Long-Term Interest Payments	1.0	0.7	1.1	2.2	3.7	7.1	7.7	7.9
Disbursements of Long-Term Loans	3.5	11.1	9.9	48.7	41.2	29.1	20.9	30.3
Net Long-Term Loans	1.2	10.1	9.0	47.0	37.5	24.1	13.4	20.0
Repayments on Long-Term Loans	2.3	1.0	0.9	1.7	3.7	5.0	7.5	10.3
Identified Short-Term Debt	0.0	0.0	9.0	17.0	8.0	15.0	6.0	14.0
Public/Publicly Guar. Long-Term Debt	33.9	40.8	52.4	105.2	147.8	165.6	161.2	169.6
Public Long Term Debt, IBRD & IDA	7.8	9.6	14.9	[illegible]	23.5	25.2	34.4	43.5
Public Long Term Debt, Official Creditors	33.1	40.1	51.7	74.5	118.2	141.4	143.0	158.2
Public Long Term Debt, Private Creditors	0.8	0.7	0.7	30.7	29.6	24.2	18.2	11.4
BALANCE OF PAYMENTS								
Net Current Transfers	12.0	(0.9)	13.4	31.9	51.8	73.5	53.7	52.9
Merchandise Exports, fob	197.1	193.4	183.9	198.7	241.6	368.2	388.3	324.0
Exports of Goods & Services	235.1	234.8	223.7	257.4	312.4	464.5	510.7	421.8

DEVELOPMENT INDICATORS FOR SWAZILAND
BASED UPON WORLD BANK DATA
(Values in Millions)

TITLE	1983	1984	1985	1986
NATIONAL INCOME				
Current prices General Government Consumption	142.6	0.0	0.0	0.0
Current prices Private Consumption, etc.	502.5	0.0	0.0	0.0
Current prices Domestic Absorption	797.8	890.0	0.0	0.0
Current prices Exports of Goods & NF Services	411.3	514.3	0.0	0.0
Current prices GDP at Factor Cost	500.1	559.7	0.0	0.0
Current prices Gross Domestic Product	615.7	[illegible]	[illegible]	0.0
Current prices Gross Domestic Savings	(29.4)	(31.3)	0.0	0.0
Current prices Gross National Product	[illegible]	[illegible]	[illegible]	[illegible]
Current prices Gross National Savings	65.6	122.1	0.0	0.0
Current prices Imports of Goods & NF Services	592.4	[illegible]	0.0	0.0
Current prices Fixed Investment	125.8	0.0	0.0	0.0
Current prices Gross Domestic Investment	151.7	165.7	0.0	0.0
Current prices Net Factor Income (+) or Payments	[illegible]	44.0	57.4	0.0
Current prices Indirect Taxes Net of Subsidies	116.6	134.3	0.0	0.0
Current prices Resource Balance	(191.1)	(197.0)	0.0	0.0
Current prices Value Added in Agriculture	0.0	0.0	0.0	0.0
Current prices Value Added in Industry	0.0	0.0	0.0	0.0
Current prices Value Added in Manufacturing	0.0	0.0	0.0	0.0
Current prices Value Added in Services, etc.	0.0	0.0	0.0	0.0
GOVERNMENT				
GOVERNMENT DEFICIT (-) OR SURPLUS	(19.5)	[illegible]	[illegible]	[illegible]
Government Capital Payments	66.4	70.1	99.5	85.2
Government Capital Receipts	0.0	0.0	[illegible]	0.1
Government Current Budget Balance	48.9	66.5	71.9	33.1
Government Current Expenditure	136.7	155.0	170.6	216.5
Government Current Revenue	185.6	221.5	242.4	249.6
MONEY				
Money Supply, Broadly Defined	200.9	242.0	297.4	330.5
Money as Means of Payment	60.8	67.5	76.9	115.1
Quasi-Monetary Liabilities	140.1	174.2	[illegible]	215.4
Currency Outside Banks	15.2	[illegible]	17.5	25.2
Demand Deposits	45.6	51.0	59.5	[illegible]
TRADE				
Current prices Value of Exports	305.0	255.9	166.9	0.0
Current prices Value of Imports, cif	547.6	440.5	[illegible]	0.0
LOANS AND DEBT				
Long-Term Interest Payments	7.1	8.5	7.7	9.8
Disbursements of Long-Term Loans	28.6	[illegible]	10.4	[illegible]
Net Long-Term Loans	17.4	[illegible]	(5.2)	10.3
Repayments on Long-Term Loans	11.2	8.8	15.6	[illegible]
Identified Short-Term Debt	37.0	[illegible]	[illegible]	[illegible]
Public/Publicly Guar. Long-Term Debt	175.1	167.3	[illegible]	207.7
Public Long Term Debt, IBRD & IDA	50.6	53.0	51.5	52.7
Public Long Term Debt, Official Creditors	168.1	157.0	172.4	198.0
Public Long Term Debt, Private Creditors	7.0	10.3	8.9	9.7
BALANCE OF PAYMENTS				
Net Current Transfers	76.1	76.1	52.9	43.8
Merchandise Exports, fob	304.2	230.8	173.3	264.8
Exports of Goods & Services	426.3	364.0	280.9	379.3

DEVELOPMENT INDICATORS FOR SWAZILAND
BASED UPON WORLD BANK DATA
(Values in Millions)

TITLE	UNIT	1970	1971	1972	1973	1974
Increase (-) in Reserves	US $, BoP	2.1	1.6	0.9	(0.6)	(10.0)
Other Net Long-Term Inflows	US $, BoP	0.0	0.0	0.0	0.0	4.8
Current Account Balance	US $, BoP	0.0	0.0	0.0	0.0	42.9
Net Foreign Direct Investment	US $, BoP	0.0	0.0	0.0	0.0	3.5
Net Long-Term Capital Inflow	US $, BoP	0.0	0.0	0.0	0.0	7.3
Other Net Capital Inflows	US $, BoP	0.0	0.0	0.0	0.0	(40.2)
INDICIES						
Domestic Absorption Deflator	1980=100	27.6	31.3	32.1	36.0	42.1
GDP Deflator	1980=100	31.7	34.3	35.9	39.8	46.0
Manufacturing Real Earnings per Employee	1980=100	66.8	69.7	79.9	94.4	0.0
Conversion Factor, Annual Average	Local currency per U.S. d	0.7	0.7	0.8	0.7	0.7

DEVELOPMENT INDICATORS FOR SWAZILAND
BASED UPON WORLD BANK DATA
(Values in Millions)

TITLE	1975	1976	1977	1978	1979	1980	1981	1982
Non-Factor Services Receipts	24.8	25.6	29.2	37.3	43.0	[illegible]	54.4	47.5
Factor Service Receipts	13.2	15.6	20.7	25.4	27.5	46.3	66.0	54.3
Factor Service Payments	22.1	15.2	17.9	36.0	29.7	41.0	49.5	31.2
Merchandise Imports, fob	129.5	155.9	171.2	246.5	351.1	527.1	507.2	437.7
Imports of Goods & Services	202.9	213.7	226.0	241.2	422.5	658.4	663.7	572.6
Non-Factor Services Payments	40.3	42.6	46.9	64.6	34.8	80.3	107.1	103.7
Increase (-) in Reserves	(39.3)	(27.7)	(21.5	(12.2)	5.7	(27.3)	40.5	5.4
Other Net Long-Term Inflows	4.4	(2.1)	(1.1)	0.3	0.2	(2.9)	(1.1)	2.6
Current Account Balance	44.1	20.2	11.4	(52.6)	(11.5)	(121.2)	(99.3)	(97.9)
Net Foreign Direct Investment	14.4	7.4	20.0	21.8	55.4	16.7	34.9	(0.2)
Net Long-Term Capital Inflow	20.9	15.4	27.9	59.1	92.2	37.9	47.2	23.4
Other Net Capital Inflows	(24.8)	(7.8)	(17.9)	(4.0)	2.6	139.7	11.6	69.1
INDICIES								
Domestic Absorption Deflator	50.7	56.2	65.8	74.5	86.0	100.0	111.3	125.7
GDP Deflator	52.8	60.7	67.1	72.7	84.1	100.0	111.3	116.0
Manufacturing Real Earnings per Employee	0.0	79.1	102.9	105.1	89.4	100.0	91.6	97.3
Conversion Factor, Annual Average	0.7	0.9	0.9	0.9	0.8	0.8	0.9	1.1

DEVELOPMENT INDICATORS FOR **SWAZILAND**
BASED UPON WORLD BANK DATA
(Values in Millions)

TITLE	1983	1984	1985	1986
Non-Factor Services Receipts	55.5	52.5	40.3	46.1
Factor Service Receipts	66.6	70.6	67.2	68.4
Factor Service Payments	43.2	36.3	32.7	53.9
Merchandise Imports, fob	463.6	369.9	276.4	296.5
Imports of Goods & Services	591.6	492.4	365.0	417.7
Non-Factor Services Payments	84.8	86.2	55.9	65.3
Increase (-) in Reserves	(17.1)	(23.0)	(18.4)	(5.4)
Other Net Long-Term Inflows	13.5	1.0	14.9	8.9
Current Account Balance	(89.2)	(52.3)	(31.2)	5.5
Net Foreign Direct Investment	(14.3)	1.9	23.5	18.8
Net Long-Term Capital Inflow	16.6	10.6	33.1	38.0
Other Net Capital Inflows	89.7	64.7	16.5	(38.1)
INDICIES				
Domestic Absorption Deflator	163.9	188.0	0.0	0.0
GDP Deflator	123.1	137.9	165.3	0.0
Manufacturing Real Earnings per Employee	0.0	0.0	0.0	0.0
Conversion Factor, Annual Average	1.1	1.4	2.2	2.3

SOCIAL INDICATORS FOR SWAZILAND
Based Upon World Bank Data

TITLE	UNIT	1970	1971	1972	1973	1974	1975	1976
LAND								
Total land area	SQ KILOM.	17	17	17	17	17	17	17
Total agricultural land	SQ KILOM.	15	15	15	15	15	13	14
Arable land	SQ KILOM.	2	2	2	2	2	2	2
Pasture land	SQ KILOM.	[illegible]	[illegible]	13	[illegible]	[illegible]	11	[illegible]
POPULATION								
Total population, (interp series)	NUMBER	420,000	431,000	443,000	455,[illegible]	465,000	482,000	497,[illegible]
Population, female	NUMBER	235,621	243,365	250,306	257,399	264,740	271,949	281,541
Population, male	NUMBER	227,979	234,635	241,492	248,5[illegible]	255,761	263,551	272,259
Population, age 0-14	NUMBER	208,412	214,832	221,452	229,226	235,252	242,487	253,554
Population, age 15-64	NUMBER	242,714	249,256	255,5[illegible]	262,922	269,909	277,171	284,764
Population, age 65+	NUMBER	12,474	12,919	14,[illegible]	14,645	15,339	15,842	15,462
Urban population total	NUMBER	34,845	36,406	38,038	39,736	41,517	43,376	50,256
Urban population as % total	PERCENT	9	9	9	9	8	8	9
Agriculture population density	NUMBER	31,125	31,995	32,516	32,444	35,155	40,823	40,409
DEMOGRAPHIC CHARACTERISTICS								
Crude birth rate, (interp series)	NUMBER	50	51	51	51	51	51	51
Crude death rate (interp series)	NUMBER	20	20	20	19	19	19	19
Infant mort rate, age 0-1 (interp series)	NUMBER	145	145	144	143	142	142	141
Child mort rate, age 1-4 (interp series)	NUMBER	31	31	31	31	31	[illegible]	30
Life expectancy, total	NUMBER	47	47	47	48	48	49	49
Life expectancy, males (interp series)	NUMBER	45	45	45	46	46	47	47
Life expectancy, female	NUMBER	49	50	51	51	51	51	52
Total fertility rate (interp series)	NUMBER	7	7	7	7	7	7	7
Contraceptive acceptors	NUMBER	0	0	0	0	0	0	4
Persons per household	NUMBER	0	0	0	0	0	0	8
Persons per household, rural	NUMBER	0	0	0	0	0	0	6
Persons per household, urban	NUMBER	0	[illegible]		[illegible]	[illegible]	0	6
HEALTH AND NUTRITION								
Number of physicians	NUMBER	[illegible]	0			[illegible]	0	0
Population per physician	NUMBER	0	0	0	0	0	0	0
Number of nurses	NUMBER	[illegible]	0	0	255	[illegible]	0	0
Population per nurse	NUMBER	0	0	0	1	0	0	0
Number of hospital beds	NUMBER	1,414	[illegible]		[illegible]	[illegible]	0	0
Pop per hospital bed	NUMBER	[illegible]	0		0	0	0	0
Daily calorie intake	NUMBER	2,257	2,248	2,267	2,254	2,288	2,474	2,507
Daily calorie requirement	NUMBER	0	0	[illegible]	0	0	0	0
Daily protein supply (gms)	NUMBER	64	62	65	64	65	66	67
% Dwellings w/electricity	PERCENT	9	0	0	0	0	0	0
Safe water access as % of population	PERCENT	0	0	[illegible]	[illegible]	0	37	0
Safe water, rural	PERCENT	0	0	0	0	0	29	0
Safe water, urban	PERCENT	0	0	0	0	0	83	0
EDUCATION								
Gross enrollment ratio	PERCENT	87	0	0	0	0	99	99
Gross enrollment ratio, male	PERCENT	91	0	0	0	0	100	100
Gross enrollment ratio, female	PERCENT	82	0	0	0	0	97	97
% Pups reaching grade 6	PERCENT	0	0	0	0	0	69	[illegible]
Illiterate population as % pop age 15+	PERCENT	0	0	0	0	0	0	45
EMPLOYMENT								
Labor force size	NUMBER	199,000	203,000	207,000	211,000	215,000	219,000	224,000
Labor participation rate	PERCENT	47	0	0	0	0	45	0
Male labor participation rate	PERCENT	55	0	0	0	0	54	0
Female labor participation rate	PERCENT	39	0	0	0	0	37	0
Female labor force as % total labor force	PERCENT	42	42	42	42	42	42	42
Labor in agriculture as % total	PERCENT	81	80	79	79	79	77	77
Labor in industry	PERCENT	7	7	7	7	8	8	8
Labor in services	PERCENT	13	13	14	14	15	15	15

SOCIAL INDICATORS FOR SWAZILAND
Based upon World Bank Data

TITLE	1977	1978	1979	1980	1981	1982	1983	1984
LAND								
Total land area	17	17	17	17	17	17	17	17
Total agricultural land	14	14	13	13	13	13	13	13
Arable land	2	2	2	2	1	1	1	1
Pasture land	12	12	12	11	11	12	12	12
POPULATION								
Total population, (interp series)	572,000	592,000	546,000	564,000	583,000	602,000	623,000	644,000
Population, female	291,107	300,974	311,194	323,156	334,995	347,241	359,947	373,010
Population, male	281,594	291,226	301,206	310,144	321,596	333,259	345,453	357,990
Population, age 0-14	265,045	276,957	289,343	302,183	314,926	328,168	342,019	356,331
Population, age 15-64	292,526	300,459	305,605	316,979	326,787	336,852	347,215	357,771
Population, age 65+	15,130	14,785	14,451	14,138	14,795	15,460	16,166	16,898
Urban population total	58,231	67,457	78,163	90,562	96,132	102,038	108,309	114,903
Urban population as % total	11	12	13	14	16	17	18	19
Agriculture population density	41,134	42,495	45,672	49,[illegible]	51,090	52,877	54,736	56,414
DEMOGRAPHIC CHARACTERISTICS								
Crude birth rate, (interp series)	51	51	51	51	51	51	50	50
Crude death rate (interp series)	17	17	16	16	15	15	0	0
Infant mort rate, age 0-1 (interp series)	140	138	136	134	131	129	127	125
Child mort rate, age 1-4 (interp series)	30	30	29	0	0	27	0	0
Life expectancy, total	50	50	51	51	52	53	53	54
Life expectancy, males (interp series)	48	48	49	51	51	52	0	0
Life expectancy, female	52	53	53	54	54	55	0	0
Total fertility rate (interp series)	7	7	7	7	7	7	7	7
Contraceptive acceptors	0	0	0	0	0	0	4	0
Persons per household	0	0	0	0	0	0	0	0
Persons per household, rural	0	0	0	0	0	0	0	0
Persons per household, urban	0	0	0	0	0	0	0	0
HEALTH AND NUTRITION								
Number of physicians	0	0	0	0	0	0	0	0
Population per physician	0	0	0	0	0	0	0	0
Number of nurses	0	0	0	0	0	0	0	0
Population per nurse	0	0	0	0	1	0	0	0
Number of hospital beds	0	0	0	0	0	0	0	0
Pop per hospital bed	0	0	0	0	0	0	0	0
Daily calorie intake	2,423	2,494	2,480	2,476	2,536	2,542	2,554	2,575
Daily calorie requirement	2,320	0	0	0	0	0	0	0
Daily protein supply (gms)	62	64	65	64	64	59	62	61
% Dwellings w/electricity	0	0	0	0	0	0	0	0
Safe water access as % of population	0	0	0	0	0	0	0	38
Safe water, rural	0	0	0	30	0	0	0	0
Safe water, urban	0	0	0	80	0	0	0	0
EDUCATION								
Gross enrollment ratio	100	101	103	106	110	111	111	111
Gross enrollment ratio, male	102	102	103	107	111	111	111	112
Gross enrollment ratio, female	99	101	103	105	108	110	110	110
% Pups reaching grade 6	0	0	0	67	0	66	67	0
Illiterate population as % pop age 15+	0	0	0	0	0	0	0	0
EMPLOYMENT								
Labor force size	229,400	234,600	239,800	245,000	250,600	256,200	261,800	267,400
Labor participation rate	0	0	0	44	0	0	0	0

SOCIAL INDICATORS FOR SWAZILAND
Based Upon World Bank Data

TITLE	1985	1986
LAND		
Total land area	17	0
Total agricultural land	0	0
Arable land	0	0
Pasture land	0	0
POPULATION		
Total population, (interp series)	665,000	689,000
Population, female	385,170	0
Population, male	372,870	0
Population, age 0-14	271,5[illegible]	0
Population, age 15-64	368,826	0
Population, age 65+	17,661	0
Urban population total	122,036	0
Urban population as % total	0	0
Agriculture population density	0	0
DEMOGRAPHIC CHARACTERISTICS		
Crude birth rate, (interp series)	49	0
Crude death rate (interp series)	14	0
Infant mort rate, age 0-1 (interp series)	0	0
Child mort rate, age 1-4 (interp series)	0	0
Life expectancy, total	54	0
Life expectancy, males (interp series)	52	0
Life expectancy, female	55	0
Total fertility rate (interp series)	7	0
Contraceptive acceptors	0	0
Persons per household	0	0
Persons per household, rural	0	0
Persons per household, urban	0	
HEALTH AND NUTRITION		
Number of physicians	0	0
Population per physician	0	0
Number of nurses	0	0
Population per nurse	0	0
Number of hospital beds	0	0
Pop per hospital bed	0	0
Daily calorie intake	2,556	0
Daily calorie requirement	0	0
Daily protein supply (gms)	61	0
% Dwellings w/electricity	0	0
Safe water access as % of population	0	0
Safe water, rural	0	0
Safe water, urban	0	0
EDUCATION		
Gross enrollment ratio	0	
Gross enrollment ratio, male	0	0
Gross enrollment ratio, female	0	0
% Pupils reaching grade 6	0	0
Illiterate population as % pop age 15+	0	0
EMPLOYMENT		
Labor force size	273,000	279,600
Labor participation rate	42	0

SOCIAL INDICATORS FOR SWAZILAND
Based Upon World Bank Data

TITLE	1977	1978	1979	1980	1981	1982	1983	1984
Male labor participation rate	0	0	0	53	0	0	0	0
Female labor participation rate	0	0	0	26	0	0	0	0
Female labor force as % total labor force	41	41	41	41	41	41	40	40
Labor in agriculture as % total	76	75	75	74	0	0	0	0
Labor in industry	8	8	9	9	0	0	0	0
Labor in services	16	16	17	17	0	0	0	0

SOCIAL INDICATORS FOR SWAZILAND
Based Upon World Bank Data

TITLE	1985	1986
Male labor participation rate	51	0
Female labor participation rate	33	0
Female labor force as % total labor force	40	40
Labor in agriculture as % total	0	0
Labor in industry	0	0
Labor in services	0	0

DEVELOPMENT INDICATORS FOR SOUTH AFRICA
Based Upon World Bank Data
(Values in Millions)

TITLE	UNIT	1970	1971	1972	1973
NATIONAL INCOME					
Current prices General Government Consumption	Local currency	1,564.0	1,860.0	1,997.0	2,291.0
Current prices Private Consumption, etc.	Local currency	8,068.0	8,599.0	9,550.0	11,582.0
Current prices Domestic Absorption	Local currency	13,316.0	14,331.0	15,657.0	19,274.0
Current prices Exports of Goods & NF Services	Local currency	2,757.0	3,019.0	3,981.0	5,015.0
Current prices GDP at Factor Cost	Local currency	12,023.0	13,251.0	[illegible]	18,675.0
Current prices Gross Domestic Product	Local currency	12,908.0	14,241.0	16,104.0	19,918.0
Current prices Gross Domestic Savings	Local currency	3,276.0	3,762.0	4,557.0	6,045.0
Current prices Gross National Product	Local currency	12,399.0	13,733.0	15,520.0	19,208.0
Current prices Gross National Savings	Local currency	2,816.3	3,294.2	4,026.6	5,349.1
Current prices Imports of Goods & NF Services	Local currency	3,165.0	3,609.0	3,534.0	4,371.0
Current prices Fixed Investment	Local currency	3,194.0	3,741.0	4,322.0	5,027.0
Current prices Gross Domestic Investment	Local currency	3,684.0	4,352.0	4,113.0	5,401.0
Current prices Net Factor Income (+) or Payments	Local currency	(509.0)	(508.0)	(584.0)	(710.0)
Current prices Indirect Taxes Net of Subsidies	Local currency	985.0	990.0	1,068.0	1,243.0
Current prices Resource Balance	Local currency	(408.0)	(590.0)	447.0	644.0
Current prices Value Added in Agriculture	Local currency	973.0	1,165.0	[illegible]	1,531.0
Current prices Value Added in Industry	Local currency	4,817.0	5,087.0	5,950.0	7,842.0
Current prices Value Added in Manufacturing	Local currency	2,796.0	2,987.0	3,268.0	4,092.0
Current prices Value Added in Services, etc.	Local currency	6,233.0	6,996.0	7,766.0	9,342.0
GOVERNMENT					
GOVERNMENT DEFICIT (-) OR SURPLUS	Local currency	0.0	0.0	(652.0)	(499.0)
Government Capital Payments	Local currency	0.0	0.0	1,126.0	1,305.0
Government Capital Receipts	Local currency	0.0	0.0	30.0	27.0
Government Current Budget Balance	Local currency	0.0	0.0	454.0	779.0
Government Current Expenditure	Local currency	0.0	0.0	2,841.0	3,406.0
Government Current Revenue	Local currency	0.0	0.0	3,295.0	4,185.0
MONEY					
Money Supply, Broadly Defined	Local currency	7,801.6	8,456.5	9,974.5	[illegible]
Money as Means of Payment	Local currency	2,256.9	2,445.8	2,807.9	3,381.9
Quasi-Monetary Liabilities	Local currency	5,542.7	6,012.7	7,166.6	8,784.9
Currency Outside Banks	Local currency	512.5	570.0	626.7	746.9
Demand Deposits	Local currency	1,746.5	1,875.8	2,181.2	2,635.1
TRADE					
Current prices Exports of Manufactures	US $	1,374.7	1,445.1	1,527.7	2,725.6
Current prices Exports of Nonfuel Primary Products	US $	1,806.9	1,831.2	2,509.7	3,349.1
Current prices Value of Exports	US $	3,355.0	3,510.0	4,196.0	6,114.0
Current prices Imports of Fuels	US $	190.9	255.2	270.9	10.4
Current prices Imports of Manufactures	US $	3,195.2	3,625.5	3,254.6	4,490.7
Current prices Imports of Nonfuel Primary Products	US $	457.0	452.9	422.1	660.2
Current prices Value of Imports, cif	US $	3,843.1	4,363.7	3,947.6	5,163.5
LOANS AND DEBT					
Long-Term Interest Payments	US $, as per IBRD DRS	0.0	0.0	0.0	0.0
Disbursements of Long-Term Loans	US $, as per IBRD DRS	0.0	0.0	0.0	0.0
Net Long-Term Loans	US $, as per IBRD DRS	0.0	0.0	0.0	0.0
Repayments on Long-Term Loans	US $, as per IBRD DRS	0.0	0.0	0.0	0.0
Public/Publicly Guar. Long-Term Debt	US $, IBRD DRS - end of y	0.0	0.0	0.0	0.0
Public Long Term Debt, Private Creditors	US $, IBRD DRS - end of y	0.0	0.0	0.0	0.0
BALANCE OF PAYMENTS					
Net Current Transfers	US $, BoP	69.0	56.2	61.9	20.3
Merchandise Exports, fob	US $, BoP	3,206.0	3,457.2	4,386.2	6,187.2
Exports of Goods & Services	US $, BoP	4,019.0	4,401.1	5,278.6	7,577.2
Non-Factor Services Receipts	US $, BoP	457.0	526.6	557.0	717.7
Factor Service Receipts	US $, BoP	356.0	418.2	435.4	672.4
Factor Service Payments	US $, BoP	892.0	907.7	968.5	1,294.8
Merchandise Imports, fob	US $, BoP	3,615.0	4,091.1	3,697.9	5,129.7

DEVELOPMENT INDICATORS FOR SOUTH AFRICA
Based upon World Bank Data
(Values in Millions)

TITLE	1974	1975	1976	1977	1978	1979
NATIONAL INCOME						
Current prices General Government Consumption	2,886.0	3,782.0	4,537.0	5,155.0	5,673.0	6,543.0
Current prices Private Consumption, etc.	14,452.0	15,510.0	17,562.0	17,891.0	20,593.0	22,735.0
Current prices Domestic Absorption	24,651.0	28,185.0	31,123.0	32,310.0	36,205.0	41,652.0
Current prices Exports of Goods & NF Services	6,656.0	7,338.0	8,477.0	10,474.0	12,959.0	16,724.0
Current prices GDP at Factor Cost	23,083.0	25,846.0	28,920.0	31,983.0	36,516.0	43,221.0
Current prices Gross Domestic Product	24,472.0	27,454.0	30,800.0	34,314.0	39,297.0	46,698.0
Current prices Gross Domestic Savings	7,134.0	8,162.0	8,701.0	11,268.0	13,031.0	17,420.0
Current prices Gross National Product	23,569.0	26,234.0	29,386.0	32,683.0	37,438.0	44,569.0
Current prices Gross National Savings	6,214.4	7,085.1	7,402.8	9,683.0	11,241.6	15,386.2
Current prices Imports of Goods & NF Services	6,835.0	6,119.0	8,300.0	8,470.0	9,867.0	11,878.0
Current prices Fixed Investment	6,158.0	8,110.0	9,221.0	9,571.0	10,742.0	12,251.0
Current prices Gross Domestic Investment	7,313.0	8,853.0	9,024.0	9,264.0	9,939.0	12,574.0
Current prices Net Factor Income (+) or Payments	(903.0)	(1,220.0)	(1,414.0)	(1,631.0)	(1,859.0)	(2,129.0)
Current prices Indirect Taxes Net of Subsidies	1,389.0	1,608.0	1,880.0	2,331.0	2,779.0	3,477.0
Current prices Resource Balance	(179.0)	(731.0)	(323.0)	2,004.0	3,092.0	4,246.0
Current prices Value Added in Agriculture	2,214.0	2,129.0	2,275.0	2,532.0	2,722.0	2,835.0
Current prices Value Added in Industry	9,735.0	11,145.0	12,515.0	13,693.0	16,424.0	20,698.0
Current prices Value Added in Manufacturing	4,896.0	5,991.0	6,624.0	6,763.0	7,886.0	9,579.0
Current prices Value Added in Services, etc.	11,174.0	12,572.0	14,130.0	15,758.0	17,372.0	19,638.0
GOVERNMENT						
GOVERNMENT DEFICIT (-) OR SURPLUS	(1,155.0)	(1,438.0)	(2,023.0)	(2,067.0)	(2,095.0)	(1,947.0)
Government Capital Payments	1,880.0	2,117.0	[illegible]	2,618.0	2,077.0	3,042.0
Government Capital Receipts	30.0	37.0	21.0	27.0	45.0	38.0
Government Current Budget Balance	695.0	642.0	289.0	524.0	937.0	1,057.0
Government Current Expenditure	4,419.0	5,346.0	6,380.0	7,075.0	8,019.0	9,707.0
Government Current Revenue	5,114.0	5,988.0	6,669.0	7,599.0	8,956.0	10,764.0
MONEY						
Money Supply, Broadly Defined	14,214.0	16,967.5	18,470.9	20,340.5	23,597.3	27,560.5
Money as Means of Payment	4,011.1	4,285.5	4,436.9	4,647.6	5,132.8	6,197.5
Quasi-Monetary Liabilities	10,203.0	12,682.0	14,034.0	15,692.9	18,464.5	21,363.0
Currency Outside Banks	880.4	1,025.6	1,106.0	1,149.2	1,284.8	1,460.2
Demand Deposits	3,130.7	3,259.9	3,330.9	3,498.4	3,848.0	4,737.3
TRADE						
Current prices Exports of Manufactures	4,179.1	4,299.2	3,766.7	5,132.2	7,329.3	11,129.0
Current prices Exports of Nonfuel Primary Products	4,500.4	4,546.3	4,004.4	4,392.2	4,908.0	6,170.1
Current prices Value of Exports	8,760.0	8,959.0	7,975.0	9,987.0	12,875.0	18,397.0
Current prices Imports of Fuels	21.5	19.8	28.9	33.5	35.1	51.9
Current prices Imports of Manufactures	6,824.5	7,383.1	6,421.2	5,419.5	6,780.5	7,921.1
Current prices Imports of Nonfuel Primary Products	1,010.5	890.2	834.7	817.3	799.1	1,015.7
Current prices Value of Imports, cif	7,856.4	8,293.1	7,284.8	6,270.3	7,614.8	8,987.7
LOANS AND DEBT						
Long-Term Interest Payments	0.0	0.0	0.0	0.0	0.0	0.0
Disbursements of Long-Term Loans	0.0	0.0	0.0	0.0	0.0	0.0
Net Long-Term Loans	0.0	0.0	0.0	0.0	0.0	0.0
Repayments on Long-Term Loans	0.0	0.0	0.0	0.0	0.0	0.0
Public/Publicly Guar. Long-Term Debt	0.0	0.0	0.0	0.0	0.0	0.0
Public Long Term Debt, Private Creditors	0.0	0.0	0.0	0.0	0.0	0.0
BALANCE OF PAYMENTS						
Net Current Transfers	122.7	189.4	134.3	52.9	80.0	115.4

DEVELOPMENT INDICATORS FOR SOUTH AFRICA
Based Upon World Bank Data
(Values in Millions)

TITLE	[illegible]	1981	1982	1983	1984	1985
NATIONAL INCOME						
Current prices General Government Consumption	5,449.0	[illegible]	[illegible]	14,809.0	18,787.0	21,695.0
Current prices Private Consumption, etc.	29,458.0	[illegible]	[illegible]	[illegible]	58,509.0	[illegible]
Current prices Domestic Absorption	56,747.0	71,126.0	[illegible]	[illegible]	103,484.1	108,045.1
Current prices Exports of Goods & NF Services	22,219.0	[illegible]	[illegible]	[illegible]	28,261.0	[illegible]
Current prices GDP at Factor Cost	57,963.0	[illegible]	72,993.1	[illegible]	97,428.1	110,154.1
Current prices Gross Domestic Product	[illegible]	[illegible]	[illegible]	89,675.1	105,814.1	[illegible]
Current prices Gross Domestic Savings	24,100.0	[illegible]	20,766.0	[illegible]	26,518.0	[illegible]
Current prices Gross National Product	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Current prices Gross National Savings	21,551.2	19,854.0	17,733.7	[illegible]	23,773.0	30,852.1
Current prices Imports of Goods & NF Services	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Current prices Fixed Investment	16,378.0	20,132.0	22,692.0	24,509.0	26,131.0	[illegible]
Current prices Gross Domestic Investment	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Current prices Net Factor Income (+) or Payments	[illegible]	[illegible]	[illegible]	(4,154.0)	[illegible]	[illegible]
Current prices Indirect Taxes Net of Subsidies	4,044.0	5,081.0	[illegible]	[illegible]	8,386.0	[illegible]
Current prices Resource Balance	5,260.0	(1,043.0)	[illegible]	[illegible]	[illegible]	[illegible]
Current prices Value Added in Agriculture	4,035.0	4,787.0	[illegible]	[illegible]	5,265.0	[illegible]
Current prices Value Added in Industry	[illegible]	30,796.0	[illegible]	35,165.0	43,369.0	[illegible]
Current prices Value Added in Manufacturing	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	24,311.0
Current prices Value Added in Services, etc.	24,589.0	[illegible]	[illegible]	[illegible]	48,794.0	[illegible]
GOVERNMENT						
GOVERNMENT DEFICIT (-) OR SURPLUS	(1,436.0)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Government Capital Payments	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	0.0
Government Capital Receipts	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Government Current Budget Balance	2,689.0	1,390.0	[illegible]	[illegible]	[illegible]	0.0
Government Current Expenditure	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	0.0
Government Current Revenue	14,398.0	16,034.0	[illegible]	21,754	[illegible]	[illegible]
MONEY						
Money Supply, Broadly Defined	[illegible]	[illegible]	45,009.5	[illegible]	[illegible]	[illegible]
Money as Means of Payment	8,795.1	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Quasi-Monetary Liabilities	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Currency Outside Banks	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Demand Deposits	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
TRADE						
Current prices Exports of Manufactures	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	12,595.1
Current prices Exports of Nonfuel Primary Products	4,663.1	4,243.6	3,543.5	[illegible]	3,012.4	3,025.1
Current prices Value of Exports	25,680.0	[illegible]	[illegible]	[illegible]	17,348.0	16,522.7
Current prices Imports of Fuels	76.2	[illegible]	[illegible]	[illegible]	[illegible]	58.3
Current prices Imports of Manufactures	17,725.8	[illegible]	[illegible]	[illegible]	14,905.8	[illegible]
Current prices Imports of Nonfuel Primary Products	[illegible]	[illegible]	[illegible]	[illegible]	1,260.1	784.8
Current prices Value of Imports, cif	19,245.7	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
LOANS AND DEBT						
Long-Term Interest Payments	1,221.6	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Disbursements of Long-Term Loans	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Net Long-Term Loans	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	200.0
Repayments on Long-Term Loans	2,404.5	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Public/Publicly Guar. Long-Term Debt	[illegible]	[illegible]	7,841.5	[illegible]	7,500.0	8,100.0
Public Long Term Debt, Private Creditors	7,238.4	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
BALANCE OF PAYMENTS						
Net Current Transfers	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

DEVELOPMENT INDICATORS FOR SOUTH AFRICA
Based upon World Bank Data
(Values in Millions)

TITLE	1966
NATIONAL INCOME	
Current prices General Government Consumption	26,008.0
Current prices Private Consumption, etc.	71,890.1
Current prices Domestic Absorption	125,062.1
Current prices Exports of Goods & NF Services	46,479.0
Current prices GDP at Factor Cost	127,902.1
Current prices Gross Domestic Product	139,695.1
Current prices Gross Domestic Savings	41,797.0
Current prices Gross National Product	131,873.0
Current prices Gross National Savings	34,172.8
Current prices Imports of Goods & NF Services	31,846.0
Current prices Fixed Investment	28,998.0
Current prices Gross Domestic Investment	27,164.0
Current prices Net Factor Income (+) or Payments	(7,822.0)
Current prices Indirect Taxes Net of Subsidies	11,793.0
Current prices Resource Balance	14,633.0
Current prices Value Added in Agriculture	7,277.0
Current prices Value Added in Industry	58,435.0
Current prices Value Added in Manufacturing	27,840.0
Current prices Value Added in Services, etc.	62,190.0
GOVERNMENT	
GOVERNMENT DEFICIT (-) OR SURPLUS	0.0
Government Capital Payments	0.0
Government Capital Receipts	0.0
Government Current Budget Balance	0.0
Government Current Expenditure	0.0
Government Current Revenue	0.0
MONEY	
Money Supply, Broadly Defined	78,465.6
Money as Means of Payment	21,206.8
Quasi-Monetary Liabilities	57,258.8
Currency Outside Banks	4,191.0
Demand Deposits	17,015.8
TRADE	
Current prices Exports of Manufactures	14,976.9
Current prices Exports of Nonfuel Primary Products	2,956.5
Current prices Value of Exports	18,453.8
Current prices Imports of Fuels	33.0
Current prices Imports of Manufactures	12,145.7
Current prices Imports of Nonfuel Primary Products	813.3
Current prices Value of Imports, cif	12,958.7
LOANS AND DEBT	
Long-Term Interest Payments	0.0
Disbursements of Long-Term Loans	0.0
Net Long-Term Loans	0.0
Repayments on Long-Term Loans	0.0
Public/Publicly Guar. Long-Term Debt	0.0
Public Long Term Debt, Private Creditors	0.0
BALANCE OF PAYMENTS	
Net Current Transfers	87.2

DEVELOPMENT INDICATORS FOR SOUTH AFRICA
Based Upon World Bank Data
(Values in Millions)

TITLE	UNIT	1970	1971	1972	1973
Imports of Goods & Services	US $, BoP	5,303.0	[illegible]	[illegible]	[illegible]
Non-Factor Services Payments	US $, BoP	796.0	941.6	895.7	1,153.4
Increase (-) in Reserves	US $, BoP	423.2	385.2	(528.6)	204.9
Other Net Long-Term Inflows	US $, BoP	376.0	512.5	615.6	[illegible]
Current Account Balance	US $, BoP	(1,215.0)	(1,479.4)	(121.6)	82.4
Net Foreign Direct Investment	US $, BoP	318.0	230.7	97.7	(22.7)
Net Long-Term Capital Inflow	US $, BoP	694.3	743.2	713.3	214.5
Other Net Capital Inflows	US $, BoP	97.8	351.0	(63.1)	[illegible]
INDICIES					
Terms of Trade Index	US dollar-based	121.6	126.8	125.3	122.0
Constant price Exports, fob	1980 US $	[illegible]	10,696.5	11,594.5	10,637.0
Constant price imports, cif	1980 US $	14,960.2	16,363.0	13,655.2	10,962.5
Domestic Absorption Deflator	1980=100	30.8	31.9	35.5	40.2
GDP Deflator	1980=100	28.9	30.2	33.6	40.4
Agricultural Value Added Deflator	1980=100	35.4	35.8	46.3	54.7
Industrial Value Added Deflator	1980=100	20.2	21.8	24.4	31.1
Manufacturing Real Output per Employee	1980=100	55.2	[illegible]	61.2	69.0
Manufacturing Real Earnings per Employee	1980=100	74.2	...	79.2	83.5
Fuel Export Price Index	1980=100, US dollar-based	4.7	[illegible]	6.2	9.9
Manufactures Export Price Index	1980=100, US dollar-based	66.2	55.6	45.6	55.6
Non-fuel Primary Products Export Price Index	1980=100, US dollar-based	29.2	35.1	43.3	63.7
Export Price Index, fob	1980=100, US dollar-based	31.2	32.2	36.2	57.5
Import Price Index, cif	1980=100, US dollar-based	25.7	26.7	28.9	47.1
Conversion Factor, Annual Average	Local currency per U.S. $	0.7	0.7	0.8	0.7

DEVELOPMENT INDICATORS FOR SOUTH AFRICA
Based Upon World Bank Data
(Values in Millions)

TITLE	1974	1975	1976	1977	1978	1979
Merchandise Exports, fob	8,474.1	8,475.9	8,295.6	[illegible]	[illegible]	17,679.2
Exports of Goods & Services	10,073.3	10,740.4	10,029.7	12,267.9	15,268.9	20,453.0
Non-Factor Services Receipts	921.2	1,112.2	966.2	1,120.8	1,327.2	1,609.2
Factor Service Receipts	718.0	795.3	764.9	725.1	908.0	1,164.6
Factor Service Payments	1,626.0	1,911.1	1,929.4	2,117.2	2,497.9	3,055.6
Merchandise Imports, fob	8,482.2	9,164.4	8,558.7	7,910.8	9,212.5	11,578.0
Imports of Goods & Services	11.654.8	12,974.4	12,036.6	11,307.1	13,818.8	17,157.5
Non-Factor Services Payments	1,546.6	1,898.9	1,548.4	1,776.1	2,108.5	2,523.9
Increase (-) in Reserves	152.0	(24.4)	706.1	514.2	(73.2)	(313.4)
Other Net Long-Term Inflows	1,057.5	2,254.4	957.9	770.7	160.3	(1,131.4)
Current Account Balance	(1,458.8)	(2,441.7)	(1,872.[illegible])	537.9	1,530.2	3,411.0
Net Foreign Direct Investment	575.5	767.1	(10.7)	(59.4)	(366.0)	(496.4)
Net Long-Term Capital Inflow	1,632.0	2,157.5	989.2	181.3	(225.7)	(1,627.8)
Other Net Capital Inflows	(705.2)	368.5	191.7	(1,129.4)	(1,231.2)	(1,469.8)
INDICES						
Terms of Trade Index	123.4	114.8	110.4	100.0	97.7	92.8
Constant price Exports, fob	11,606.5	12,520.9	11,757.	14,270.4	18,421.4	21,719.5
Constant price Imports, cif	13,594.0	17,301.6	11,449.5	8,956.5	9,556.2	9,853.1
Domestic Absorption Deflator	45.2	51.0	57.7	66.9	73.9	92.9
GDP Deflator	46.6	51.[illegible]	[illegible]	62.8	69.1	79.6
Agricultural Value Added Deflator	51.6	63.8	59.1	70.4	72.8	79.0
Industrial Value Added Deflator	38.1	43.3	47.9	52.2	61.9	73.3
Manufacturing Real Output per Employee	72.0	71.7	[illegible]	66.9	71.7	74.9
Manufacturing Real Earnings per Employee	85.2	86.5	91.[illegible]	91.9	94.8	96.2
Fuel Export Price Index	36.7	35.7	33.4	42.0	42.3	61.0
Manufactures Export Price Index	76.9	75.2	71.4	72.0	69.9	93.5
NonFuel Primary Products Export Price Index	71.5	70.1	72.2	72.5	76.3	93.7
Export Price Index, fob	74.2	71.6	70.2	71.0	69.9	84.7
Import Price Index, cif	57.8	62.2	63.6	70.0	79.7	91.2
Conversion Factor, Annual Average	0.7	0.7	0.9	0.9	0.9	0.8

DEVELOPMENT INDICATORS FOR SOUTH AFRICA
Based Upon World Bank Data
Values in Millions

TITLE	1980	1981	1982	1983	1984	1985
Merchandise Exports, fob	25,567.5	[illegible]	17,244.0	[illegible]	15,930.5	[illegible]
Exports of Goods & Services	29,246.2	24,120.4	20,578.9	[illegible]	19,975.3	15,874.6
Non-Factor Services Receipts	2,157.9	[illegible]	[illegible]	1,354.7	1,772.5	1,465.3
Factor Service Receipts	1,404.7	[illegible]	1,176.7	1,745.1	[illegible]	1,145.3
Factor Service Payments	4,127.5	[illegible]	3,808.4	[illegible]	[illegible]	[illegible]
Merchandise Imports, fob	18,271.7	[illegible]	[illegible]	[illegible]	[illegible]	10,436.8
Imports of Goods & Services	[illegible]	[illegible]	23,968.9	[illegible]	21,542.9	16,336.5
Non-Factor Services Payments	3,587.5	[illegible]	3,453.6	[illegible]	[illegible]	2,363.0
Increase (-) in Reserves	[illegible]	1,344.6	[illegible]	[illegible]	477.8	519.4
Other Net Long-Term Inflows	248.4	(52.1)	[illegible]	(2,378.0)	1,581.9	(365.6)
Current Account Balance	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Net Foreign Direct Investment	(765.2)	(574.7)	307.8	(91.6)	248.4	[illegible]
Net Long-Term Capital Inflow	(1,904.5)	[illegible]	2,290.1	[illegible]	[illegible]	[illegible]
Other Net Capital Inflows	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
INDICIES						
Terms of Trade Index	100.0	94.9	85.8	[illegible]	[illegible]	75.6
Constant price Exports, fob	25,680.0	[illegible]	21,168.4	[illegible]	[illegible]	[illegible]
Constant price Imports, cif	[illegible]	[illegible]	19,043.7	[illegible]	[illegible]	[illegible]
Domestic Absorption Deflator	[illegible]	[illegible]	[illegible]	[illegible]	169.7	[illegible]
GDP Deflator	100.0	109.4	[illegible]	[illegible]	159.6	[illegible]
Agricultural Value Added Deflator	[illegible]	[illegible]	[illegible]	125.8	[illegible]	[illegible]
Industrial Value Added Deflator	100.0	101.4	[illegible]	[illegible]	145.1	[illegible]
Manufacturing Real Output per Employee	[illegible]	104.4	102.2	0.0	0.0	[illegible]
Manufacturing Real Earnings per Employee	100.0	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Fuel Export Price Index	100.0	112.5	[illegible]	[illegible]	[illegible]	87.5
Manufactures Export Price Index	100.0	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Nonfuel Primary Products Export Price Index	100.0	[illegible]	[illegible]	89.2	87.4	80.0
Export Price Index, fob	100.0	94.7	[illegible]	[illegible]	77.4	[illegible]
Import Price Index, cif	100.0	[illegible]	[illegible]	[illegible]	94.2	[illegible]
Conversion Factor, Annual Average	0.8	0.9	1.1	1.1	1.4	[illegible]

DEVELOPMENT INDICATORS FOR SOUTH AFRICA
Based Upon World Bank Data
(Values in Millions)

TITLE	1986
Merchandise Exports, fob	18,259.3
Exports of Goods & Services	20,978.1
Non-Factor Services Receipts	1,437.0
Factor Service Receipts	1,281.9
Factor Service Payments	4,091.5
Merchandise Imports, fob	11,096.9
Imports of Goods & Services	17,940.8
Non-Factor Services Payments	2,752.4
Increase (-) in Reserves	167.9
Other Net Long-Term Inflows	(955.3)
Current Account Balance	3,124.8
Net Foreign Direct Investment	(16.1)
Net Long-Term Capital Inflow	(971.9)
Other Net Capital Inflows	[illegible]
INDICIES	
Terms of Trade Index	71.9
Constant price Exports, fob	23,421.6
Constant price Imports, cif	11,850.6
Domestic Absorption Deflator	222.2
GDP Deflator	212.8
Agricultural Value Added Deflator	173.1
Industrial Value Added Deflator	202.8
Manufacturing Real Output per Employee	0.0
Manufacturing Real Earnings per Employee	0.0
Fuel Export Price Index	45.0
Manufactures Export Price Index	84.5
Nonfuel Primary Products Export Price Index	[illegible]
Export Price Index, fob	75.8
Import Price Index, cif	[illegible]
Conversion Factor, Annual Average	2.3

SOCIAL INDICATORS FOR SOUTH AFRICA
Based Upon World Bank Data

TITLE	UNIT	[illegible]	[illegible]	[illegible]	[illegible]	1974	[illegible]
LAND							
Total land area	SQ KILOM.	1,221	1,221	[illegible]	[illegible]	[illegible]	1,221
Total agricultural land	SQ KILOM.	962	[illegible]	955	[illegible]	[illegible]	951
Arable land	SQ KILOM.	124	124	125	[illegible]	125	126
Pasture land	SQ KILOM.	830	827	825	822	820	[illegible]
POPULATION							
Total population, (interp series)	NUMBER	22,459,024	23,013,024	[illegible]	[illegible]	[illegible]	[illegible]
Population, female	NUMBER	11,514,017	11,773,938	[illegible]	[illegible]	12,585,[illegible]	12,872,792
Population, male	NUMBER	[illegible]	11,510,354	11,779,716	[illegible]	[illegible]	[illegible]
Population, age 0-14	NUMBER	9,566,[illegible]	9,787,149	[illegible]	[illegible]	[illegible]	[illegible],721,557
Population, age 15-64	NUMBER	[illegible]	[illegible]	[illegible],441	[illegible]	12,398,601	12,764,697
Population, age 65+	NUMBER	952,657	975,957	[illegible]	[illegible]	[illegible]	[illegible]
Urban population total	NUMBER	[illegible]	[illegible]	11,442,425	[illegible]	[illegible]	12,742,485
Urban population as % total	PERCENT	48	48	49	[illegible]	[illegible]	[illegible]
Agriculture population density	NUMBER	23,654	24,[illegible]	24,[illegible]	25,[illegible]	[illegible]	[illegible]
DEMOGRAPHIC CHARACTERISTICS							
Crude birth rate, (interp series)	NUMBER	40	[illegible]	41	39	39	[illegible]
Crude death rate (interp series)	NUMBER	18	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Infant mort rate, age 0-1 (interp series)	NUMBER	114	112	[illegible]	[illegible]	104	[illegible]
Child mort rate, age 1-4 (interp series)	NUMBER	19	[illegible]	0			[illegible]
Life expectancy, total	NUMBER	49	49	49	[illegible]	5	51
Life expectancy, males (interp series)	NUMBER	47	47	48	48	49	49
Life expectancy, female	NUMBER	50	51	51	[illegible]	[illegible]	[illegible]
Total fertility rate (interp series)	NUMBER	5	5	5	5	[illegible]	5
Contraceptive users	NUMBER	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	
Persons per household	NUMBER		0	[illegible]	0	[illegible]	[illegible]
HEALTH AND NUTRITION							
Number of physicians	NUMBER	[illegible]		[illegible]		0	0
Number of nurses	NUMBER	0	0	0	80,[illegible]		
Population per nurse	NUMBER	0	[illegible]			[illegible]	0
Daily calorie intake	NUMBER	2,739	[illegible]	2,79[illegible]	2,85[illegible]	2,8[illegible]	[illegible]
Daily calorie requirement	NUMBER	0	[illegible]			[illegible]	0
Daily protein supply (gms)	NUMBER	7[illegible]	[illegible]	74	75	75	[illegible]
EDUCATION							
Gross enrollment ratio	PERCENT	99	[illegible]	105	0	0	0
Gross enrollment ratio, male	PERCENT	10[illegible]	[illegible]	1[illegible]5		[illegible]	0
Gross enrollment ratio, female	PERCENT	99	0	105	0	0	0
Illiterate population as % pop age 15+	PERCENT	0	0	0	[illegible]	[illegible]	0
EMPLOYMENT							
Labor force size	NUMBER	8,226,001	8,431,[illegible]	8,507,201	[illegible]	[illegible],745,4[illegible]	8,354,[illegible]
Labor participation rate	PERCENT	37	0	[illegible]	[illegible]	[illegible]	35
Male labor participation rate	PERCENT	50	0	0		[illegible]	47
Female labor participation rate	PERCENT	24	[illegible]	0	[illegible]	[illegible]	[illegible]
Female labor force as % total labor force	PERCENT	[illegible]	[illegible]	[illegible]	[illegible]	34	34
Labor in agriculture as % total	PERCENT	[illegible]	[illegible]	[illegible]	28	26	[illegible]
Labor in industry	PERCENT	29	30	[illegible]	[illegible]	[illegible]	[illegible]
Labor in services	PERCENT	38	39	4	41	42	42

SOCIAL INDICATORS FOR SOUTH AFRICA
Based Upon World Bank Data

TITLE	1976	1977	1978	1979	1980	1981	1982
LAND							
Total land area	1,221	1,221	1,221	1,221	1,221	1,221	1,221
Total agricultural land	949	949	948	947	947	946	946
Arable land	126	126	125	125	124	124	124
Pasture land	815	815	815	814	814	814	814
POPULATION							
Total population, (interp series)	25,889,024	26,476,016	27,070,016	27,672,016	28,283,024	28,907,024	29,546,016
Population, female	13,166,949	13,467,908	13,775,155	14,090,194	14,262,520	14,620,927	14,988,307
Population, male	12,923,053	13,225,094	13,548,847	13,870,838	14,349,462	14,710,075	15,079,695
Population, age 0-14	10,835,051	10,947,391	11,057,977	11,167,833	11,277,324	11,645,411	12,021,764
Population, age 15-64	14,180,550	14,475,257	15,187,651	15,708,415	16,249,181	16,579,100	16,910,376
Population, age 65+	1,077,402	1,079,959	1,082,374	1,084,755	1,085,498	1,102,492	1,127,679
Urban population total	12,691,997	13,051,486	13,42[illegible],585	13,6[illegible],892	14,191,553	14,657,965	15,139,672
Urban population as % total	49	49	49	49	50	51	52
Agriculture population density	27,492	28,152	28,825	29,516	30,122	31,008	31,818
DEMOGRAPHIC CHARACTERISTICS							
Crude birth rate, (interp series)	39	38	38	38	39	39	39
Crude death rate (interp series)	16	15	15	15	15	14	14
Infant mort rate, age 0-1 (interp series)	95	93	91	90	88	85	63
Child mort rate, age 1-4 (interp series)	0	0	0	0	0	0	16
Life expectancy, total	51	51	52	52	53	53	54
Life expectancy, males (interp series)	49	50	50	51	51	51	52
Life expectancy, female	53	53	54	54	54	55	55
Total fertility rate (interp series)	5	5	5	5	5	5	5
Contraceptive users	50	0	0	0	0	[illegible]	0
Persons per household	0	[illegible]	0	0	0	0	0
HEALTH AND NUTRITION							
Number of physicians	0	[illegible]	14,516	0	0	0	0
Number of nurses	0	[illegible]	65,911	0	0	[illegible]	0
Population per nurse	0	0	[illegible]	0	0	0	0
Daily calorie intake	2,907	2,863	2,893	2,917	2,917	2,957	2,945
Daily calorie requirement	0	2,450	0	0	0	0	0
Daily protein supply (gms)	76	76	77	77	77	78	76
EDUCATION							
Gross enrollment ratio	0	0	0	0	0	0	0
Gross enrollment ratio, male	0	0	0	0	0	0	0
Gross enrollment ratio, female	0	0	0	0	0	0	0
Illiterate population as % pop age 15+	0	0	0	0	0	0	0
EMPLOYMENT							
Labor force size	8,973,001	9,092,001	9,211,001	9,330,001	9,449,001	9,725,401	10,001,801
Labor participation rate	0	0	0	0	33	0	0
Male labor participation rate	0	0	0	0	44	0	0
Female labor participation rate	0	0	0	0	22	0	0
Female labor force as % total labor force	34	34	34	34	34	34	35
Labor in agriculture as % total	23	21	20	19	17	0	0
Labor in industry	33	33	34	34	35	0	0
Labor in services	44	45	46	47	49	0	0

SOCIAL INDICATORS FOR SOUTH AFRICA
Based Upon World Bank Data

TITLE	1983	1984	1985	1986
LAND				
Total land area	1,221	1,221	1,221	0
Total agricultural land	946	946	0	[illegible]
Arable land	124	124	124	0
Pasture land	814	814	814	[illegible]
POPULATION				
Total population, (interp series)	30,204,016	30,885,024	31,59[illegible]	[illegible]
Population, female	15,365,15[illegible]	15,75[illegible],962	16,155,125	0
Population, male	15,458,84[illegible]	15,847,020	16,276,9[illegible]	[illegible]
Population, age 0-14	12,4[illegible]	1[illegible],658	13,274,435	0
Population, age 15-64	17,[illegible],208	17,594,736	17,963,872	[illegible]
Population, age 65+	1,14[illegible]	1,1[illegible],610	1,19[illegible],716	[illegible]
Urban population total	15,637,454	16,151,066	16,702,481	0
Urban population as % total	55	57	56	0
Agriculture population densit.	[illegible]	[illegible],453	.	0
DEMOGRAPHIC CHARACTERISTICS				
Crude birth rate, (interp series)	38	38	37	0
Crude death rate (interp series	.	0	1[illegible]	[illegible]
Infant mort rate, age 0-1 (interp series)	81	80	78	[illegible]
Child mort rate, age 1-4 (interp series)	0	[illegible]	7	0
Life expectancy, total	55	54	55	0
Life expectancy, males (interp series)	.	0	[illegible]	[illegible]
Life expectancy, female	0	0	57	0
Total fertility rate (interp series	5	5	5	0
Contraceptive users	0	0	0	.
Persons per household	0	0	0	0
HEALTH AND NUTRITION				
Number of physicians	0	[illegible]	0	0
Number of nurses	[illegible]	0	0	[illegible]
Population per nurse	.	0	0	0
Daily calorie intake	2,9[illegible]	2,979	2,9[illegible]6	0
Daily calorie requirement	0	0	0	0
Daily protein supply (gms)	76	77	7[illegible]	0
EDUCATION				
Gross enrollment ratio	0	0	0	0
Gross enrollment ratio, male	0	0	0	[illegible]
Gross enrollment ratio, female	0	0	0	0
Illiterate population as % pop age 15+	0	0	0	0
EMPLOYMENT				
Labor force size	10,278,201	10,554,601	10,8[illegible]	11,1[illegible],601
Labor participation rate	0	0	[illegible]	0
Male labor participation rate	0	0	44	0
Female labor participation rate	0	0	[illegible]	0
Female labor force as % total labor force	35	35	[illegible]	[illegible]
Labor in agriculture as % total	0	0	0	0
Labor in industry	0	0	0	[illegible]
Labor in services	0	0	0	0