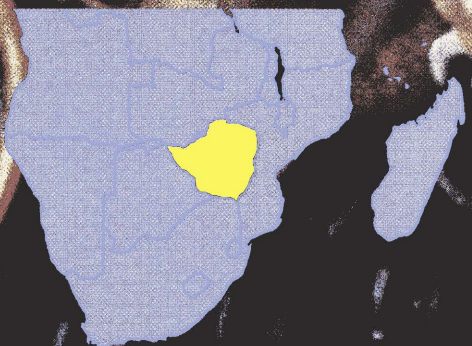


# ZIMBABWE and the EUROPEAN UNION





**EUROPEAN COMMISSION**

**Directorate-General for Development  
Unit Information and Communication**

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# Introduction

## **About the Brochure**

**L**inks between Europe and Zimbabwe go back a long way. For the purposes of this publication, we start our story at the end of the colonial period when the European Union was already supportive of the independence aspirations of the indigenous population of Zimbabwe. Official European Community policy at that time was to subscribe to international sanctions against U.D.I. In the period just prior to independence, informal contacts had already begun in the European Commission in preparation for a permanent relationship following a settlement. This enabled Zimbabwe to become a member of the Lomé Convention extremely quickly after independence in 1980.

The rights and obligations flowing from that Convention and its successors have ever since

dominated Zimbabwe's partnership with the European Union. Today, the European Union constitutes by far the largest overseas market for Zimbabwe, and collectively the European Union and its Member States form the largest group of aid donors. The grant transfers in favour of Zimbabwe from sources managed by the European Commission currently amount to in excess of 65 million ECU per annum which is not far short of ZW\$ 2 million a day.

The purpose of this brochure is to bring to the focus of the general public and specialised readers, the salient features of this partnership between the European Union and Zimbabwe, principally under the Lomé Convention; and in particular, to illustrate how that partnership works in practice. In the following pages, we will outline the many

features of Zimbabwe and its economy, say a brief word or two about the European Union and its development cooperation policies before giving some details of that cooperation as it applies to Zimbabwe.

## **Zimbabwe : a Brief Introduction**

**Z**imbabwe is a landlocked country situated between the Limpopo and Zambezi rivers and is bounded by Zambia in the north, Mozambique in the east, South Africa in the south and Botswana in the west. The country's total surface area is 391,000 square kilometres. The climate is sub-tropical with the rainy season normally stretching from November to March and winter season from May to July. Over recent years there has been a worrying pattern of increasingly insufficient rainfall and drought.

Zimbabwe is a country rich with natural resources. The country has plentiful and varied mineral resources such as gold, nickel, ferro-alloys, ferrochrome, copper, gemstones, coal and tin. However, agriculture forms the mainstay of the

economy. The country boasts of large tracts of arable land which makes it self-sufficient in food production, so long as rains are normal. The manufacturing sector is well diversified and sufficiently complex to produce a wide range of products that generate significant foreign currency and create employment. For her energy requirements, Zimbabwe produces both thermal and hydro-electricity, though during the drought periods, significant energy is imported from the neighbouring countries such as Zambia, Zaire and South Africa.

Zimbabwe, although landlocked, is linked to the outside world by a good network of roads, railways and airlines. The country uses the ports of Beira, Nacala and Maputo in Mozambique; and Durban, East

London, Port Elizabeth and Cape Town ports in South Africa. The volume of exports and imports passing through the above ports is expected to increase following peaceful democratic elections in those countries. The port of Beira is Zimbabwe's most economic route to the sea, and the government has taken much interest in its maintenance and upgrading, including the sending of troops to that country before the Peace Accord was signed in 1992. The port is expected to assume an even greater role as a major regional route to the sea.



## PROFILE

Capital	Harare
Area	390 759 km <sup>2</sup>
Population	10 400 000 million (1992)
Languages	Shona, Ndebele, English
Main exports	Tobacco, gold, ferro-alloys, nickel, cotton
GNP/head	US\$ 682 (1991)
Currency	Zimbabwe dollar 1 ECU = 11,48 Z\$ (August 1995)



## Political Developments

Zimbabwe became a Commonwealth member in 1980 when Robert Mugabe's ZANU (PF) came into power. In November 1987, following the Unity Accord signed between the main political rivals, PF-ZAPU and ZANU (PF), the constitution was amended to accommodate the creation of the Executive President which combines the post of both the Head of State and Government and the establishment of two Deputy Presidents.

Political developments in Zimbabwe have included the formation of such opposition parties as the Zimbabwe Unity Movement (ZUM), the United Party (UP) - a conglomerate of minority parties, the Democratic Party (DP), the Forum Party of Zimbabwe (FPZ) and the Front for Popular Democracy (FPD).

After the 1990 general elections, the bi-cameral parliamentary arrangements were replaced with a new single-chamber parliament, the House of Assembly, comprising 150 seats of which 120 are elective, 10 are traditional chiefs and 12 and 8 are non-constituency Members of Parliament and provincial governors/resident ministers respectively. The

last two categories are Presidential appointees. In the 1995 general elections, the ruling party won 118 seats while ZANU (Ndonga) won only 2 seats.

Zimbabwe has been very active in regional politics, mainly through the SADC grouping but also the Common Market for Eastern and

Southern Africa (COMESA) and the PTA. Zimbabwe is part of the SADC initiative towards seeking solutions to the Angolan political crisis. Through the United Nations, Zimbabwe has sent military troops on international duty to Somalia, Liberia, Rwanda and Angola.

**TABLE 1 - ZIMBABWE'S POLITICAL PROFILE**

<b>Independence year</b>	<b>8th April 1980</b>
<b>Previous General Election years</b>	<b>1980; 1985; 1990; 1995</b>
<b>Next General Election year</b>	<b>2000</b>
<b>Last Presidential election year</b>	<b>1996</b>
<b>President/Head of State</b>	<b>Mr Robert Gabriel Mugabe</b>
<b>Ruling Party</b>	<b>ZANU (PF)</b>
<b>Opposition Parties</b>	<b>ZUM, UP, FPZ, DP, FDP, ZANU (Ndonga)</b>
<b>Parties represented at the parliaments</b>	
<b>Seats in the House of Assembly</b>	<b>150</b>
<b>Total Contested seats</b>	<b>120</b>
<b>ZANU (PF) seats</b>	<b>118</b>
<b>ZANU (Ndonga) seats</b>	<b>2</b>
<b>Presidential Appointees</b>	<b>30</b>
<b>Non-constituency MPs</b>	<b>12</b>
<b>Provincial Governors/Resident Ministers</b>	<b>8</b>
<b>Customary Chiefs (All loyal to the ruling party)</b>	<b>10</b>

Harare, Zimbabwe's capital city



# The Economy of Zimbabwe

Zimbabwe's economy is heavily based on agriculture and the agro-industry but mining, manufacturing, tourism and services also play an important role in the country's economic growth and export earnings. The largest trading partners are the E.U., South Africa, Japan and the U.S.

Despite, however, Zimbabwe's relative sophistication and diversity, economic performance in the post-independence period, whilst good in comparison to other Sub-Saharan countries, has been nominal. GDP growth has averaged under 3 percent per annum which with population growth also around the 3 percent per annum mark, has meant that the economy has not been able to keep pace in improving overall living standards.

Being one of the most industrialised countries in Africa, Zimbabwe's manufacturing sector produces a wide array of commodities ranging from food and clothing to fertilisers and chemicals, metal products of all kinds, electri-

industrialisation, the rate of growth of the manufacturing sector has also averaged less than 3 percent per annum since Independence. The reasons for this moderate performance are, largely, a reflection of the policy environment, epitomised by price and investment controls and a highly regulated foreign currency allocation system. As a result of these policy distortions the sector became excessively inward looking relying on import substitution and the limited domestic market.

Although highly dependent on the agricultural sector, its share of GDP is smaller in Zimbabwe than in most other African countries. The sector provides almost 70 percent of total employment, 19 percent of GDP and 35 percent of exports. Sixty percent of manufacturing value-added is related to the agro-industry as is a large portion of the service industry. Like the manufacturing sector, agricultural performance in the first decade since Independence has been modest with growth averaging 2.4 percent per an-

the importance of the small-scale producer (particularly in cotton and tobacco) has expanded.

The mining sector contributes around 5 percent to GDP and is one of the country's major exports, accounting for 25 percent. Over 40 different minerals are produced with approximately 85 percent of mineral production derived from gold, nickel, chrome, asbestos, copper and coal. The formal mining sector employed around 50,000 people in 1992. In 1995, a consortium of foreign investors made a substantial investment in a platinum project. This is expected to be a major foreign exchange earner and employer for the country.

By the mid-1980s it became clear that the policy decisions which had been taken were not effective in sustaining an increased standard of living for the rapidly increasing population. The anti-export bias together with the highly regulated command economy was not able to stimulate growth and increase employment and a comprehensive

**TABLE 2 - ZIMBABWE'S ECONOMIC PROFILE**

**GDP: ZW\$38.7 billions**  
(1993-1994)

**GDP per capita: ZW\$3,486**  
(1993-1994)

**GDP growth: 3% p.a. average**

	% Exports	% GDP	GDP growth (1980-1990)
<b>Industry</b>	40%	34%	2.9%
<b>Agriculture</b>	35%	19%	2.4%
<b>Mining</b>	25%	5%	1.0%
<b>Services</b>	—	42%	3.3%

Workers repairing cars

cal machinery and equipment and motor vehicle assembly. Exports of manufactured goods represent 40 percent of total exports. At present this sector contributes over 30 percent of GDP, which is three times the average for other countries in Sub-Saharan Africa and, next to agriculture, it is the most important source of employment in the economy providing a livelihood to around 16 percent of the formal workforce. Notwithstanding this

num. Agriculture, being also highly susceptible to weather conditions, has been hindered by the droughts of 1983/84, 1991/92 and 1994/95. Tobacco has become of increasing importance in recent years both as an agricultural crop and as a foreign exchange earner for the country. In addition, there are substantial exports of cotton, coffee and horticultural products. Although the sector is dominated by large-scale commercial farmers, in recent years,

reform programme to redress these issues was initiated in 1991. The Structural Adjustment Programme, led by the IMF and World Bank and supported by the EU and other donors, was put in place to stabilise and structurally adjust macro-economic policies thereby creating an environment for sustainable economic growth whilst maintaining achievements made in Health and Education.

R.G.C. Winch



# The European Union and its Development Cooperation Policy

## *The European Union in Europe*

The European Union is made up of 15 countries : Austria, Belgium, Denmark, Finland, France, Germany, Greece, Ireland, Italy, Luxembourg, the Netherlands, Portugal, Spain, Sweden and the United Kingdom. All these countries have signed three treaties which form the framework for the construction of a united Europe: the European Coal and Steel Community (ECSC) treaty of 1951; the European Atomic Energy Community (EURATOM) treaty of 1957; the European Economic Community (EEC) treaty of 1957.

The aim of the treaties is the formation of an economic union - facilitating progress towards monetary and political union - in which goods, people, capital and services can circulate freely and where foreign trade, agriculture, transport and other sectors of the economy are governed by common policies.



*The European Union*

## *The European Union in the World*

In its relations with other countries the Union seeks to encourage world trade and the economic development of the poorer countries.

It has supported successive rounds of tariff reductions : at under 4 percent the average level of its own external tariff is one of the lowest in the world. Since 1971, it has operated a scheme of generalised preferences and a

network of preferential arrangements to encourage developing countries' exports. It is also a party to all international commodity agreements, and has set up a sizeable fund to help stabilise the export earnings of many producer countries. It was instrumental in securing wide ranging tariff cuts and the elimination of other barriers to trade in the successful outcome to the GATT Agreements in 1994.

In addition to its trade activities, the Union contributes to the economic development of the majority of countries in the Third World. It devotes a share of its annual budget to aid programmes in the southern and eastern Mediterranean, in Asia and in Latin America; and it provides assistance to 70 African, Caribbean and Pacific countries from the European Development Fund.

**TABLE 3 - THE EUROPEAN UNION INSTITUTIONS**

***The European Parliament***

Adopts the Union budget every year after discussions with the Council of Ministers, and gives its opinion on Commission proposals. It has 626 members, directly elected every five years.

***The Council of Ministers***

The decision-making body, where Member States are represented at ministerial level.

***The Commission***

Proposes and administers common policies and makes sure that the treaties are observed. It has 20 members, called "Commissioners", appointed every five years.

***The Court of Justice***

Settles disputes arising from the application of Union law. It has 16 judges.

***The Court of Auditors***

Checks that Union funds are properly spent.

***OTHER BODIES :***

***The Economic and Social Committee***

An advisory body which represents employers, trade unions and other interest groups. It gives opinions on Commission proposals.

***The European Investment Bank (EIB)***

Endowed with capital subscribed by the Member States, the bank raises money on capital markets to finance loans to Union countries and Mediterranean, ACP, Asian and Latin American developing countries.

## ***The Lomé Convention and the ACP Group***

**R**elations between the Community and sub-Saharan Africa date back to 1957, when the Treaty of Rome gave the overseas territories of certain Member States associate status. The process of decolonisation which began in the early 1960's transformed this link into a new form of association between sovereign countries based on Article 238 of the Treaty of Rome. Today 70 countries in Africa, the Caribbean and the Pacific enjoy special relations with the Community under the fourth Lomé Convention (1990-2000). Over this ten year period the Community is providing 23.7 billion ECU in subsidies and low-interest loans from the European Development Fund (EDF), which are to be used to finance economic and social investment programmes, and 2.8 billion ECU in loans from the European Investment Bank. Provision is also made for industrial and agricultural cooperation.

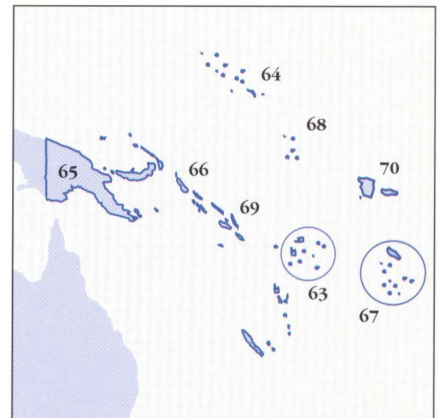
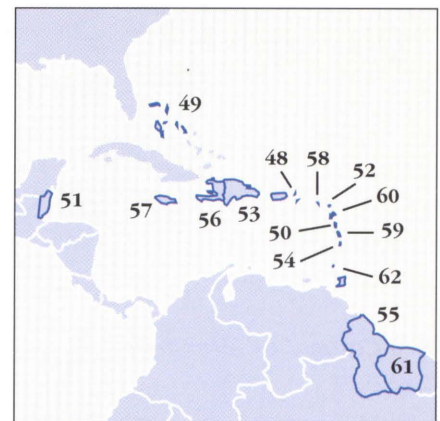
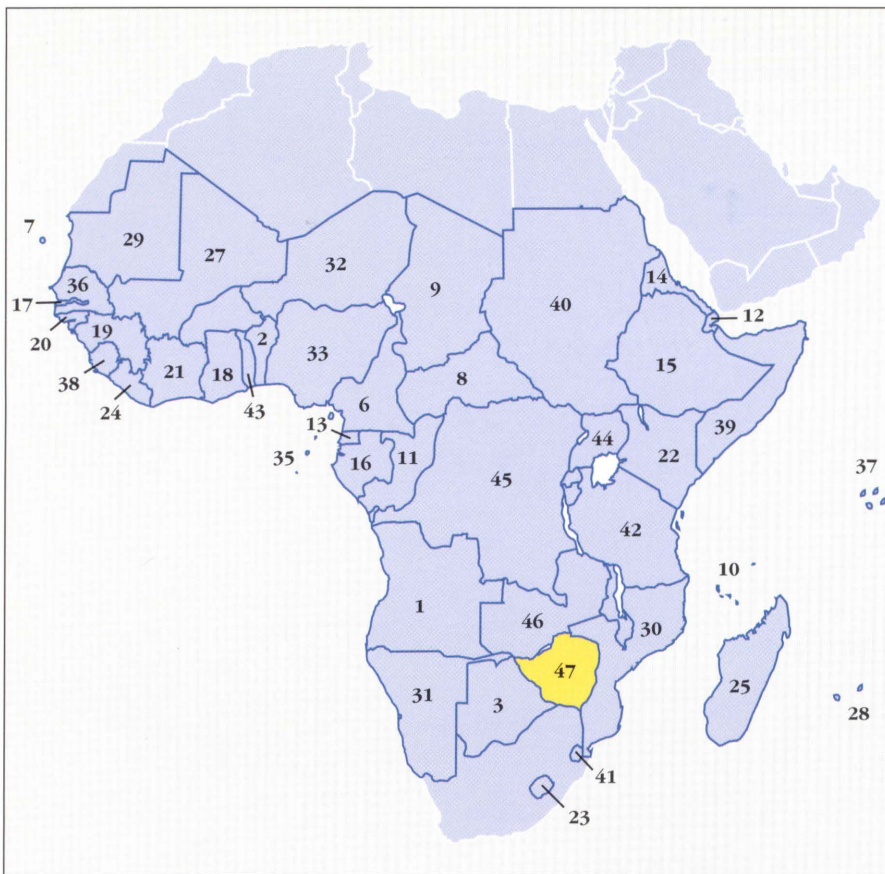
***The Lomé Convention has four essential features :***

- It is a long term contract freely negotiated between equal partners. The security it offers enables the associated countries to plan their economies with greater confidence.
- It is non-aligned in that it respects each partner's freedom to choose its economic system, political regime and development model. It embraces countries represented by governments of varying political tendencies.
- It is a comprehensive agreement that combines a whole range of cooperation instruments providing a balanced response to needs that vary depending upon economic structures and levels of development. Zimbabwe, like all other countries that have signed Lomé, decides itself which development instruments to use, according to its own priorities.
- Its institutions (ACP-EU Council of Ministers and Committee of Ambassadors, ACP-EU Joint Assembly) make for a permanent dialogue between governments and with the European Parliament.

***These institutions operate at different levels :***

- The ACP-EU Council of Ministers manages the Lomé Convention at government level, and is the ultimate decision-maker on questions of cooperation.
- The ACP-EU Committee of Ambassadors (based in Brussels) meets more often than the Council of Ministers. This Committee monitors ACP-EU cooperation and has certain powers delegated to it by the Council of Ministers. This Committee monitors ACP-EU cooperation and has certain powers delegated to it by the Council of Ministers.
- The ACP-EU Joint Assembly consists of a representative from each ACP State and an equal number of Members of the European Parliament. It meets twice a year. The Joint Assembly serves as a forum for discussions and as a stimulus to ACP-EU cooperation.
- Consultations with the two sides of industry can be arranged on the initiative of the Assembly. Ad hoc meetings can also be held under the aegis of the ACP-EU Council of Ministers on "clearly defined matters of common interest".





**ACP COUNTRIES**

- |                            |                      |                  |                        |                        |                                   |                     |  |
|----------------------------|----------------------|------------------|------------------------|------------------------|-----------------------------------|---------------------|--|
| <b>AFRICA</b>              |                      |                  |                        | <b>CARIBBEAN</b>       |                                   | <b>PACIFIC</b>      |  |
| 1 Angola                   | 10 Comoros           | 19 Guinea        | 29 Mauritania          | 48 Antigua and Barbuda | 56 Haïti                          | 63 Fiji             |  |
| 2 Benin                    | 11 Congo             | 20 Guinea Bissau | 30 Mozambique          | 49 Bahamas             | 57 Jamaica                        | 64 Kiribati         |  |
| 3 Botswana                 | 12 Djibouti          | 21 Ivory Coast   | 31 Namibia             | 50 Barbados            | 58 Saint Christopher & Nevis      | 65 Papua New Guinea |  |
| 4 Burkina Faso             | 13 Equatorial Guinea | 22 Kenya         | 32 Niger               | 51 Belize              | 59 Saint Vincent & The Grenadines | 66 Solomon Islands  |  |
| 5 Burundi                  | 14 Eritrea           | 23 Lesotho       | 33 Nigeria             | 52 Dominica            | 60 Saint Lucia                    | 67 Tonga            |  |
| 6 Cameroon                 | 15 Ethiopia          | 24 Liberia       | 34 Rwanda              | 53 Dominican Republic  | 61 Suriname                       | 68 Tuvalu           |  |
| 7 Cape Verde               | 16 Gabon             | 25 Madagascar    | 35 Sao Tomé & Príncipe | 54 Grenada             | 62 Trinidad & Tobago              | 69 Vanuatu          |  |
| 8 Central African Republic | 17 Gambia            | 26 Malawi        | 36 Senegal             | 55 Guyana              |                                   | 70 Western Samoa    |  |
| 9 Chad                     | 18 Ghana             | 27 Mali          | 37 Seychelles          |                        |                                   |                     |  |

## The European Development Fund

The European Development Fund (EDF), to which all European Union Member States contribute, finances projects and programmes in African, Caribbean and Pacific countries which have signed the Lomé Convention. It is administered by the European Commission (with the exception of risk capital, which is administered by the European Investment Bank (EIB)).

The Fund is renewed each time a new Convention is signed. Since 1958, when the first EDF was set up, there have been six successive Funds, each one backing up a five-year Convention. Thus, EDF 4 corresponded to the first Lomé Convention (1975-80), EDF 5 to Lomé II (1980-85) and EDF 6 to Lomé III (1985-90). As Lomé IV will

run for ten years (1990-2000), EDF 7 covers the first five years of the Convention, while EDF 8 will cover the last five years.

The total size of the Fund has been steadily growing: Million ECU. The proportion of grants to loans has also risen, from 75 percent of EDF 6 to 92 percent of EDF 7.

Each fund is supplemented by loans from the EIB. From its own resources the Bank has made available up to 1,200 MECU for the first half of Lomé IV and will lend up to 1,658 MECU over the period 1996-2000.

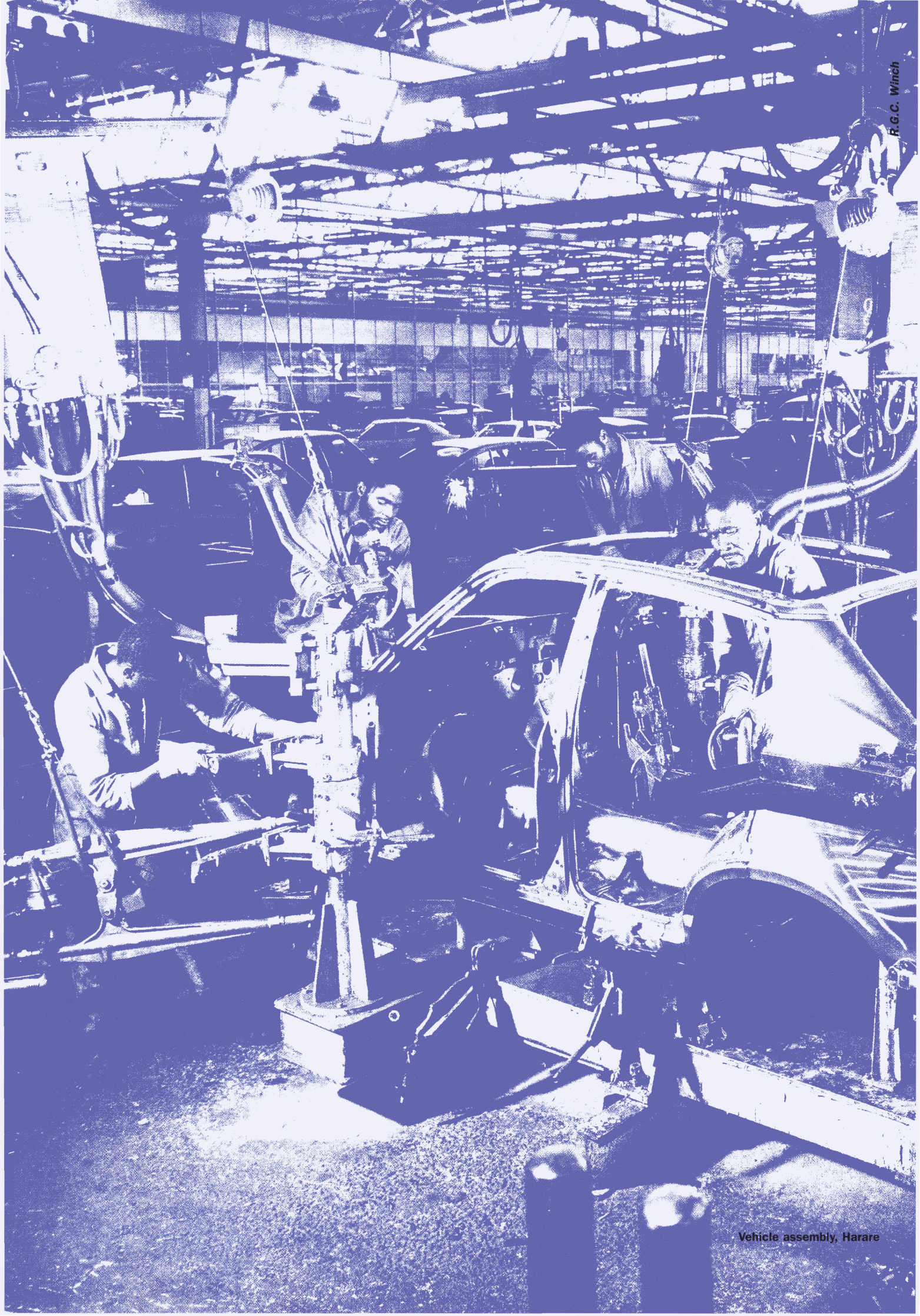
The bulk of the EDF is divided among the ACP countries and regions for their national or regional development programmes. Each country and region is allocated

a fixed amount at the start of each Convention (88 MECU for Zimbabwe from EDF 7). The remainder is used for assistance which is allocated according to circumstances, e.g. Stabex transfers, Sysmin loans, emergency aid or refugee aid.

**THE TOTAL SIZE OF THE FUND HAS BEEN STEADILY GROWING**

Million ECU		
EDF 4	Lomé I	3,072
EDF 5	Lomé II	4,724
EDF 6	Lomé III	7,400
EDF 7	Lomé IV, first half	10,800
EDF 8	Lomé V, second half	12,967





Vehicle assembly, Harare



# Trade

## Trade between Zimbabwe and the European Union

Under the Lomé system, the vast bulk of ACP countries' exports enter the European Union under preferential arrangements, based on non-reciprocal free access to the European Union market. Except in a few cases, many temperate foodstuffs are not subjected to customs duties or quantitative restrictions when entering the Union. Even in the case of these exceptions, products covered by the European Union's agricultural policy, the seasonal difference between Zimbabwe and the EU have allowed for good margins of preference or even zero tariffs in these cases, too. As the European Union constitutes the

market for over 50 percent of Zimbabwe's exports, these arrangements are very important, all the more so since Zimbabwe is not obliged to give any tariff concessions in return to the European Union.

Zimbabwe's main exports to the European Union are mineral products, tobacco, cotton, beef, sugar and horticultural products. Some manufactured goods, particularly clothing, are also successfully exported to the EU. In addition, it is significant that Zimbabwe has a very positive balance of trade with the European Union. (See table below)

The Government of Zimbabwe attaches great importance to in-

creasing and diversifying its exports. This is one of the main objectives of its structural adjustment programme.

The European Union is helping the government to achieve these objectives, both by supporting structural adjustment and by making resources available to stimulate exports through its Zimtrade support programme.

TABLE 4 - EUROSTAT EUROPEAN UNION EXTERNAL TRADE

### EU Balance of Trade with Zimbabwe by Member State

Reporting countries	1989-1995 (Unit 1000 ECU)					
	Jan - Dec 89 - 90	Jan - Dec 90 - 91	Jan - Dec 91 - 92	Jan - Dec 92 - 93	Jan - Dec 93 - 94	Jan - Dec 94 - 95
<b>EUR12</b>	<b>-399742</b>	<b>-241278</b>	<b>-164374</b>	<b>-173701</b>	<b>-117293</b>	<b>-218106</b>
UTD. KINGDOM	-81371	-57000	-269	-7943	-46723	-86708
GERMANY	-150671	-66764	-61792	-67714	-26487	-43041
NETHERLANDS	-34109	-35786	-41816	-34863	-24879	-33448
SPAIN	-18071	-16681	-25069	-24315	-1225	-23522
ITALY	-74564	-30101	-19667	-40096	-25295	-21194
PORTUGAL	-30974	-27835	-15666	2671	888	-20520
DENMARK	6989	1406	-5745	-73	6477	-2972
BELG.-LUXBG.	-28979	-22259	-20452	-2988	-3853	-2902
IRELAND	-1239	-445	1873	-1842	-975	-2098
GREECE	-4872	-4568	-10417	-12074	-9955	-1575
FRANCE	18119	18755	34646	15536	14734	19874

Gold production is one of the leading mineral foreign currency earners for Zimbabwe

## Trade Development

To ensure that the ACP States derive the maximum benefit from the Lomé Convention's trade provisions, the EU agreed with the ACP countries to implement measures for the development of trade at all stages up to final distribution of the product.

Since the mid 1980s, Zimbabwe's Government has recognised the importance of increasing exports of manufactured goods and non traditional agricultural products, in order to achieve better GDP and employment growth. On this basis, the Zimbabwe Export Promotion Programme (ZEPP), was implemented by the Ministry of Industry and Commerce with EU assistance (5.6 MECU), between 1987 and 1992. The Programme assisted in increasing exports, in promoting export management through human

resources development, and in strengthening public and private institutions. When the Government of Zimbabwe embarked on an Economic Structural Adjustment Programme (ESAP), a further increase in exports was considered important, in order to provide the country with the necessary resources to fund the ESAP, together with loans and grants from international donors (including the EU). To help the manufacturing sector to increase exports, the Government decided, amongst other measures, and following ZEPP recommendations, to establish an autonomous Trade Development Organization: ZimTrade.

Consequently a new trade development programme, the ZimTrade Support Programme (ZSP), was designed to stimulate the deve-

lopment of Zimbabwe's foreign trade, particularly exports. The programme field implementation started in 1993 and it forms an integral part of the EU strategy in support of ESAP.

ZSP, which is currently receiving a contribution of 10.2 MECU from EDF 7, is implemented by ZimTrade with the assistance of a team of experts. ZSP, which has several components (assistance to exporters, promotional activities, information services, human resources development), has already achieved most of its goals.

Zimbabwe is also benefiting from other EU funded regional trade development initiatives which are complementary to ZSP.

## Beef and Sugar Protocols

The European Union and the ACP states have agreed (in two separate Protocols to the Lomé Convention Agreements), to take special measures to enable ACP states which are traditional exporters

of beef and sugar to maintain their position on the EU market, thus guaranteeing a certain level of income for their producers. Therefore, for beef products, import duties other than customs

duties applicable to these products originating in the ACP states were reduced by 90 percent. With regard to sugar, the European Union has agreed, for an indefinite period, to purchase and import specific quantities of cane sugar (raw or white), at guaranteed prices.

### Beef

Under Protocol No. 7 - Beef and Veal - of Lomé IV, Zimbabwe has a beef export quota to the European Union of 9,100 tonnes per annum. In 1994, this was increased to 14,600 tonnes at the request of the Government of Zimbabwe. This increased quota, made up from shortfalls in supply from neighbouring countries, earned over ZW\$400 million in foreign exchange for the country.

### Sugar

In 1994, the Government of Zimbabwe supplied its full sugar quota, under Protocol N°.3 of Lomé IV, to the European Union amounting to 30,225 tonnes earning approximately ZW\$131 million in foreign exchange.



Beef production is a very important domestic and export industry



## Financial and Technical Cooperation

The main thrust of this aspect of the European Union/Zimbabwe partnership comes from the European Development Funds. The table on this page shows the total assistance made available since 1985. From this it will be seen that

assistance from the European Union has been extremely varied and diverse. Within the National Indicative Programme (the envelopes established at the beginning of each Lomé period, the priorities for which are established in consultation with

the government of Zimbabwe), there has been a tendency to support rural development. In the pages that follow, the cooperation financed by consecutive Conventions will be described in rather more detail.

**TABLE 5 - TOTAL EU ASSISTANCE TO ZIMBABWE**

Allocated Resources	Lomé II	Lomé III	Lomé IV	Total
<b>EDF</b>				
NIP	49.00	77.00	88.00	214.00
NIP at closure	49.00	—	—	—
Balance	—	—	—	—
<b>OTHER EDF</b>				
Stabex	—	—	20.72	20.72
Structural Adjustment	—	—	36.00	36.00
Emergency Aid	5.00	—	0.68	5.68
Aid to Refugees	—	1.29	1.99	3.28
Interest	3.40	12.90	25.91	42.21
Risk Capital	3.60	1.05	19.20	23.85
<b>TOTAL OTHER EDF</b>	<b>12.00</b>	<b>15.24</b>	<b>104.50</b>	<b>131.74</b>
<b>EIB OWN RESOURCES</b>	<b>35.00</b>	<b>70.00</b>	<b>107.00</b>	<b>212.00</b>
<b>OTHER EDF + EIB</b>	<b>47.00</b>	<b>85.24</b>	<b>211.50</b>	<b>343.74</b>
<b>EU BUDGET</b>				
Food Aid	10.00	13.80	27.23	51.03
NGOs	4.00	4.90	5.19	14.09
Support to Democracy	—	—	0.20	0.20
Rehab. Southern Africa	—	—	0.97	0.97
Environment	—	—	0.89	0.89
Other	—	—	1.86	1.86
<b>TOTAL BUDGET</b>	<b>14.00</b>	<b>18.70</b>	<b>34.48</b>	<b>67.18</b>
<b>GRAND TOTAL</b>	<b>110.00</b>	<b>180.94</b>	<b>333.98</b>	<b>624.92</b>





**Producers' Associations have been created and equipped with transport and grading facilities to allow them to supply urban markets with fresh vegetables**



# The National Indicative Programme (NIP)

In the framework of successive Lomé Conventions, Zimbabwe's NIPs have sought to tackle a number of priorities. These have included rural development and land use, structural adjustment, microprojects, trade promotion, rural water and sanitation, human resources development, tourism, animal disease control, small scale irrigation and cultural projects.

## *Agricultural and Rural Development*

After independence, the Government of Zimbabwe gave a very high priority to the development of the agricultural and rural sector in the communal areas. Consequently, rural development became the focal sector of Zimbabwe's National Indicative Programme under Lomé III and IV.

The overall goal of support to the communal areas is to increase income and the living standards of the majority of the Zimbabweans, approximately 70 percent of whom live in the communal areas. Through various programmes assistance has been provided to the rural population which cover rural credit, grain storage, agricultural extension, promotion of commercial crop production (cotton, horticulture, coffee, tea, fruit trees), animal health, resettlement and sustainable land use and small holder irrigation. In addition, essential social infrastructure is provided through assistance to local self-help groups.

Smallholder credit has been provided through the Agricultural Finance Corporation (AFC). Assistance to the AFC includes the expansion of the number of outlets in the communal areas which lowers the overhead costs of credit distribution.

Grain storage facilities have been constructed in Bulawayo. The modern silos have a capacity of 75,000 metric tonnes and are used

for the storage of maize, soya bean and other grains. A management information system has been established and staff of the Grain Marketing Board (GMB) have been also trained in the utilization of the new system.

Through agricultural extension and the formation of producers' associations the production of commercial crops in communal areas is being encouraged. Small scale cotton growers have been trained at the Cotton Training Centre in Kadoma. Seventy percent

of the cotton is now produced in the communal areas. In Mutoko, Uzumba, Murehwa, Chinamora and Seke Communal Areas, Horticultural Producers' Associations have been created and equipped with transport and grading facilities in order to allow them to supply the urban markets in Harare with fresh vegetables. In the Honde valley, Ngorima, Rusitu and Chinyaduma located in the Eastern Highlands, the Agricultural and Rural Development Authority (ARDA) used EDF funds to train small scale farmers to grow



*Smallholders in the communal areas have benefitted considerably from European Union support*



coffee, tea and fruit trees and to organize marketing of their produce.

Small scale irrigation is promoted through strengthening of the Irrigation Division of the Agricultural Extension Services (AGRITEX). Staff are trained in irrigation engineering and the agronomy of irrigated agriculture in order to provide services to irrigation projects in the Communal Areas. Simultaneously, irrigation schemes are under construction at

become lecturers at the Faculty which will facilitate its sustainability. In addition, applied veterinary research is being funded to address animal health problems in the communal areas. In the near future, the setting-up of private veterinary practices will be promoted through a specific loan scheme available to young veterinarians.

The Foot and Mouth Disease Control and Tsetse and Trypanosomiasis Control activities of the

control will be drawn up in the near future.

At the same time, formerly tsetse infested areas in the Zambezi valley in Zimbabwe were made available for resettlement and livestock production. For instance, Agricultural and Rural Development Authority (ARDA) assisted resettlement and land use planning in the Kariba District aim at the efficient and sustainable use of natural resources. ARDA coordinates the activities of various line ministries like AGRITEX (on-farm trials and agricultural extension), the Ministry of National Affairs and Employment Creation (small scale projects, leadership training), the District Development Fund (rural road network and rural water supply), CAMPFIRE (training of local scouts), and local associations (Kanyati Farmers' Association, Gache Gache Fishermen Association). Feasibility studies for similar projects in the Save Catchment Area and the Mid-Zambezi Valley have been prepared.

Apart from agricultural-production related activities rural development included assistance to rural infrastructure.

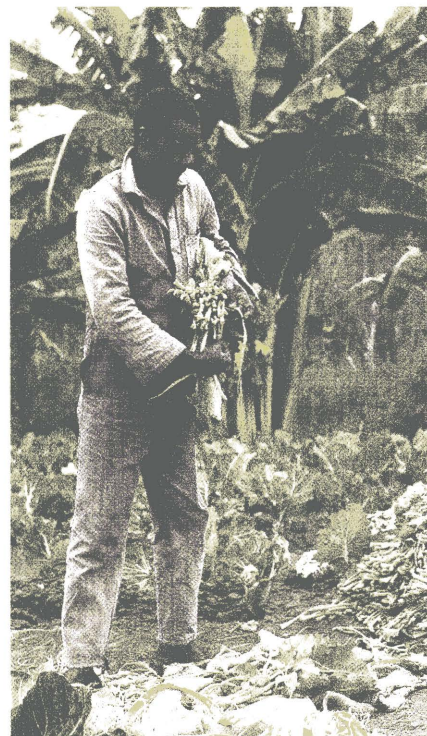


*Peasant farmer busy preparing his field using draught power*

Musikavanhu in the Save River Basin in the southern part of Manicaland Province. After completion, 700 hectares of land will be irrigable accommodating 450 communal land farmers.

Improvement of animal health has been a major component of European Union assistance to the Government of Zimbabwe's development initiatives. The establishment of a Faculty of Veterinary Science at the University of Zimbabwe has been supported since 1983. Once the necessary infrastructure was in place, a link between the newly established Faculty and a European University ensured a high quality of teaching and research right from the beginning. Laboratories are currently being extended and more Zimbabweans are being trained to

Department of Veterinary Services (DVS) have made a strong impact on the beef industry of Zimbabwe, enabling it to export high quality beef to Europe and other countries. Programme activities included the erection of game fences to prevent the transmission of Foot and Mouth Disease from buffaloes to cattle and the vaccination of cattle. Tsetse control has benefitted in particular from research through which a cost-efficient and environmentally friendly target technology has been developed which is now adopted in many other parts of the continent. Furthermore, the Regional Office for Tsetse and Trypanosomiasis Control in Harare has facilitated the exchange of technical experts in the SADC region. A regional strategic plan of tsetse and trypanosomiasis



*Vegetable gardening projects ensure availability of nutritional food in most rural areas*



## Gokwe North and South Districts Rural Water Supply and Sanitation Project

Since independence the Zimbabwe Government has placed great emphasis on the health of the rural population by improving access to medical facilities and by focusing development activities on the rural areas. As part of this strategy, Integrated Rural Water Supply and Sanitation Programmes have been formulated and implemented to coordinate the activities of sector Ministries, Departments, local authorities, and other participating agencies.

This project, for which the financing agreement was signed in April 1995, is intended to improve the general health of the population in the two districts through improving the quality of water consumed, and by improving their access to hygienic ablution facilities.

The problems currently faced by the population in the districts include infection to the eyes, skin and digestive system from the consumption of contaminated water and the performance of unhygienic

ablution practices, and the related social and economic problems associated with spending time collecting water from remote locations and the loss of productive potential due to illness.

The project aims to achieve 50 percent coverage of the total projected (1997) target population of 430,000 persons (presently 396,000) in terms of the provision of safe water, and 20 percent coverage in terms of access to proper sanitation. This will be achieved through the rehabilitation of 50 percent of existing water-points to the national standard set for rural water supplies, the completion of 664 new water-points to the same standard, and the construction of 11,600 pit latrines and 128 community toilets.

The project will be implemented on a decentralised basis under which responsibility for execution is transferred from central Government to the district authorities. This approach is in line with recent national legislation aimed at increasing the capacity of local authorities to respond to local development needs. The funding for the project amounts to 6.1 MECU over a three-year implementation period.



*The Gokwe Rural Water Supply and Sanitation Project, when completed, should ensure that over 200,000 people will have access to clean water and sanitation*

## Zimbabwe – EU Microproject Programme

Microproject programmes are implemented in many ACP countries on the basis of funding criteria that are defined in the Lomé Convention.

Microprojects are defined as projects which:

- have an economic and social impact on the life of the people;
- meet a demonstrated and observed priority need and

- will be undertaken at the initiative and with the active participation of the local community.

The Microproject Programme in Zimbabwe started in 1981 under the Lomé II Convention with 1.35 MECU being allocated for social infrastructure projects in the communal areas. Under successive programmes, funding levels have been steadily increased as the programme's capacity to appraise

and implement projects has expanded. The current (8th) programme covers an eighteen-month implementation period and the 8 MECU allocated to it brings total programme funding to date to 38.5 MECU.

The Programme sees itself primarily as an agency which provides services to beneficiary groups to enable them to prepare and implement their own projects.



Projects funded under the Programme can be divided into three sectors.

The rural development sector, with an allocation of 60 percent of the project budget, places emphasis on those projects that generate income in rural areas and, to a lesser extent, urban areas. Projects under this sector include dams and irrigation schemes, afforestation, small-scale mining and fisheries.

In the health sector, assistance is given for the improvement of health infrastructure in the rural areas. The projects include the construction and upgrading of clinics in areas of critical need, provision of staff accommodation, water and sanitation, solar electrification, and the provision of basic medical equipment. This sector accounts for 15 percent of the project funding.

The education sector targets construction of primary education infrastructure at rural non Government schools. Projects include the construction of classrooms and teachers accommodation, water and sanitation facilities, and the provision of furniture.

The needs of this sector (which is by far the biggest client of the Programme) are substantial. The sector receives 25 percent of the programme budget.

The Government of Zimbabwe has delegated responsibility for the execution of the Programme to ARDA which is a parastatal and a partner in several donor-funded programmes.

The Microproject Management Structure under ARDA consists of a National Management Unit and three Regional Offices. The National Management Unit headed by the Programme Manager is basically responsible for national coordination of MPPs.

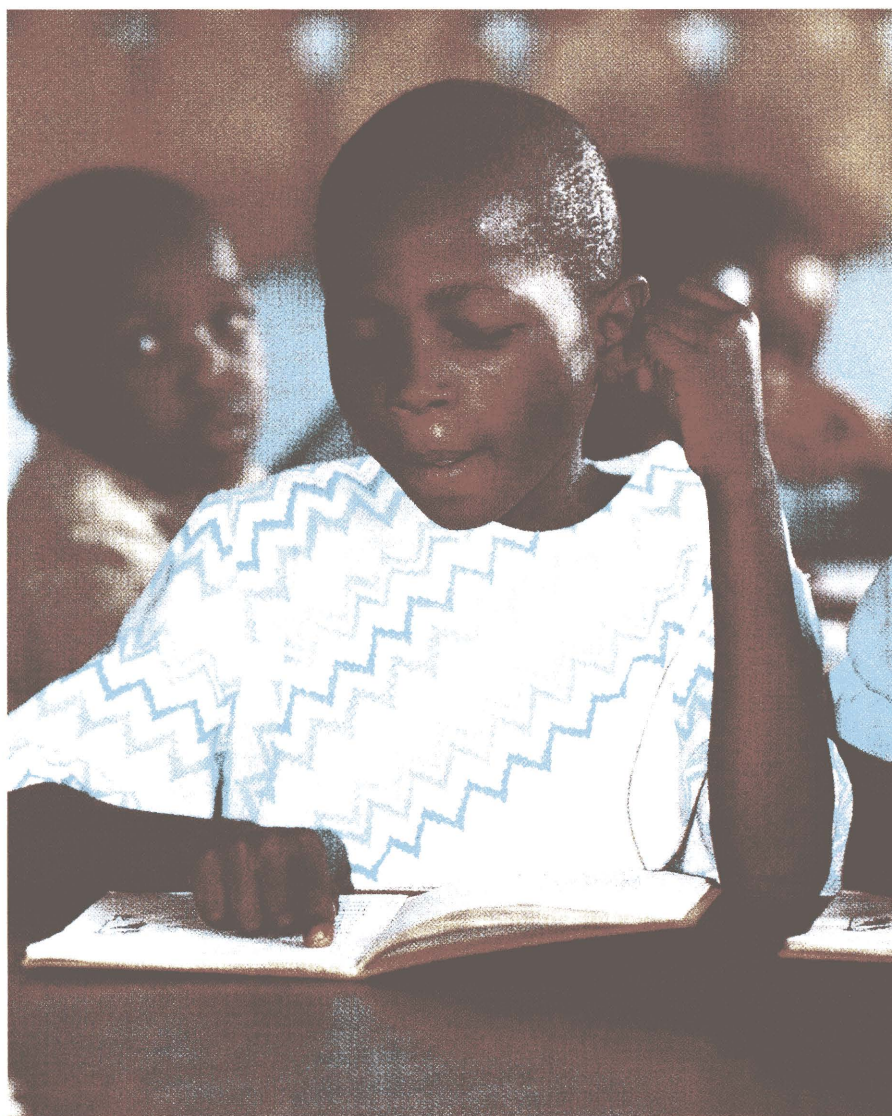
The three Regional Offices in Bulawayo, Harare and Masvingo are headed by regional Coordinators. The Regional offices undertake project appraisal monitoring and evaluation and administration of Regional budgets.

Using the experience gained in the implementation of the six previous microproject programmes, an implementation agreement was concluded in June 1992 between the Delegation of the European Commission and the Ministry of Finance. Under the Implementation Agreement the responsibilities of the parties involved in the programme, the procedures for implementation and the management structure were clearly defined.

Programmes under the Lomé III and IV Conventions have seen the MPP place more emphasis on income generating projects in order to contribute towards the improvement of the living conditions of the rural people. Correspondingly, the allocation for this sector has been increased to its present 60 percent of the budget.

The growth of the Programme has also witnessed the development of more refined management and implementation procedures. This has largely come about as a result of training for Programme staff (particularly in project cycle management techniques), and the application of measures suggested in Programme evaluations.

Under the Programme some 5,000 projects have to date been financed in all rural areas of Zimbabwe. New regional offices are shortly to be opened and Programme staffing levels are to be increased. Training is continuing, and the Programme is continuously being adapted to meet the requirements of its beneficiary population.



*One quarter of the total Microproject Programme budget is devoted to education*



## Environment and Biodiversity Conservation



**T**he Government of Zimbabwe is a signatory of the AGENDA 21 and through its National Environment Action Plan promotes the conservation of the environment, in particular its rich biodiversity which is also the foundation of a flourishing tourism industry.

In this connection, the Department of National Parks and Wildlife Management (DNPWM) is supported in its invaluable efforts to prevent the extinction of the endangered rhinoceros. Intensive Protection Zones have been created. A wildlife veterinary unit has been established in order to develop safe methods for the capture and trans-

location of rhinoceros. Currently, a wildlife veterinary centre is under construction.

Through the ELESMAF project DNPWM is participating in the first coordinated elephant count covering all countries in Southern Africa. The game counts take place from July to October 1995.

Plant biodiversity is preserved at the National Botanical Garden in Harare. In order to raise the environmental awareness of the people its unique facilities are currently being expanded to include a desert house and educational facilities.

The Zimbabwean branch of Worldwide Fund for Nature (WWF),

conducts studies to monitor the environmental changes in the Zambezi valley which have taken place over the past thirty years. Through a holistic approach, natural resources are inventoried and the economic status of the people in Sebungwe, Dande, Muzabarani and Chisunti is determined. The results will increase understanding of the dynamics of rural development and its environmental implications.



*Dehorned rhinoceros: efforts to prevent the extinction of endangered species are receiving support from the European Union*

## Structural Adjustment Support Programme

**T**he European Commission's first Structural Adjustment Support Programme (SASP) of 28 MECU was signed in January 1993 and used funds from the Structural Adjustment Facility (SAF). Due to the successful implementation of the first instalment of this programme, a second SASP of 32 MECU was signed in October 1994. The second SASP used funds from the SAF, the NIP and regional funds targeted for the Cross-Border Initiative. Structural Adjustment Support is given along with funds from other donors to support Zimbabwe's Economic

Structural Adjustment Programme (ESAP). In Zimbabwe, the EC and Member States have given the largest portion of the ESAP grant aid.

The EC SASP aid is two-pronged in that initially the foreign exchange component of the grant is used for balance of payments support and justified by imports. At the same time as the foreign exchange is disbursed the Zimbabwe Government makes available an equivalent amount in Zimbabwe dollars, the Counterpart Funds (CPF). CPF arising under the SASP are used for financing budgeted expenditure

in the social sectors, primarily Health and Education. In return, the Government of Zimbabwe is required to continue implementing a Structural Adjustment Programme which is backed by the major donors. ESAP, which started in 1991, is expected to liberalise the economy and stimulate investment and exports. At the same time the Government is to stabilise macro-economic policies creating an enabling environment for the adjustment process.



## The Cross Border Initiative

The European Commission, together with the World Bank and the African Development Bank, co-sponsors the Cross Border Initiative (CBI). The CBI seeks to eliminate obstacles to intra-regional economic activities, in order to create economies of scale, opportunities for vertical and horizontal integration, and economic growth. This is expected to attract a significant flow of cross-border and foreign investment necessary to create more output, exports and employment in the region.

At the start of the initiative, the 16 countries of the Eastern and Southern African region which expressed interest in being active participants were Burundi, Comoros, Ethiopia, Kenya, Madagascar, Malawi, Mauritius, Namibia, Reunion, Rwanda, Swaziland, Seychelles, Tanzania, Uganda, Zambia and Zimbabwe, whilst South Africa was given observer status. In each participating country, a Technical Working Group made up of representatives of both the private and public sector was established

to implement the initiatives.

The EC is also financing studies on the introduction of the Common External Tariffs in the Common Market for the Eastern and Southern Africa (COMESA) whose objective, like CBI, is to promote intra-regional trade leading to significant flows of investment, more output, larger export volumes, and employment creation.

## Human Resources Development



*Human Resources Development is a key factor to economic prosperity*

Immediately after independence, the Zimbabwe Government gave a high priority to education and training in the Transitional National Development Plan (1982/83-1984/85). The Government's aim was to achieve self sufficiency in all vital skills in as short time as possible. Particular emphasis was placed on rural development and the development and management of social and economic infrastructures.

In order to meet this need, the European Union agreed to finance the Multi-Annual Training Programme (MATP, 1981-1985). The programme's objective was to assist

in alleviating the growing demand for training due to the needs of development and following the emigration of senior and middle level management and technical staff after independence. High priority was given to agricultural development. A second objective was a reinforcement of EDF-funded projects in the key sectors of health and vocational training.

The Human Resources Development Programme (HRDP), which was initiated in 1989 at a total cost of 4,5 MECU, was seen as a more focused continuation of the MATP. The HRDP seeks to support the

development of Human Resources, particularly but not exclusively in the sector of rural development which is the focal sector of Zimbabwe's National Indicative Programme (NIP). The programme is divided into two parts: a programme of general institutional support; and a programme of support to specific areas which have been targeted for projects or programmes presently being or to be implemented with EU support.

The HRDP's aim of general institutional support is implemented through the financing of courses and study awards, to provide training of a practical nature in order to achieve some specialisation or improvement of qualifications in management, business, administrative or specialised institutions (training in the country, region or in Europe), with its final aim to support local capacity building.

The second component of the HRDP concerns support to specific areas such as the Cotton Training Centre, by which small-scale producers are trained in the techniques of cotton production, and the School of Mines of Bulawayo Technical College to develop distance learning courses in the field of mining.



## Tourism

An initial report on the "Development of Zimbabwe's Tourism Industry" was prepared with financial assistance from the European Commission and presented in final form in January 1989.

This report identified tourism as a significant contributor to the growth of Zimbabwe's economy. In 1987 approximately 454,779 international visitors arrived in Zimbabwe and their expenditure was estimated as having amounted to Z\$54,786,000. By 1994, total visitor arrivals had grown to 1,039,013 and tourist receipts had reached Z\$1,045,856,000.

The report also demonstrated that tourism's contribution comes not only from foreign exchange earnings but also from growth in employment opportunities, a more equitable distribution of income throughout the country and through

its contribution to Government revenues.

The report recommended that a full project should be undertaken to address the main issues identified as deterrents. In 1991 the EC made available 3.6 MECU for the Zimbabwe Tourism Development Programme (ZTDP). This amount was to be matched by the government of Zimbabwe during the three year life of the programme.

The EC agreed to a programme undertaken under four headings: Institutional Strengthening, Manpower Development, Market Development and Data Base Development. Technical assistance was provided for each of these disciplines and consultants worked with local counterparts during the life of the project to raise the level of local knowledge and to develop sustainability. In addition the pro-

gramme provided for the supply of promotional literature and videos, office equipment and vehicles to assist the responsible Ministry and implementing agencies.

Under the ZTDP assistance was given to the Ministry in developing a new Tourism Bill to be placed before Parliament. At the request of the Ministry of Environment and Tourism and with the agreement of the National Authorising Officer (NAO), the Commission provided further technical assistance in the form of an advisor to the Minister to assist with the implementation of the bill, and the new Tourism Authority which will come into place once the bill is signed into law.

The Ministry of Environment and Tourism has sought further assistance from the EC to help it develop a long term Tourism Master Plan.



*Tourism is fast becoming a significant foreign currency earner in Zimbabwe*



Refugee rehabilitation has  
benefitted from EU funds





# Non-Programmed Aid & Cooperation Outside The Lomé Convention

## **STABEX**

The Lomé I Convention introduced a system of stabilization of export earnings to compensate for falls in prices or production of ACP agricultural commodities. Transfers can be made from the Stabex Fund to compensate for losses of export earnings in "lean" years. Zimbabwe, until recent years, was not a beneficiary of the Stabex scheme. This was due to Zimbabwe's ability to maintain and increase its exports

of agricultural commodities to the EU. Unfortunately, in 1992 the severe drought caused a substantial production fall, thereby triggering the mechanism for a Stabex transfer for two commodities: cotton and coffee. The country is experiencing some difficulties in fully recovering from the 1992 drought (and another serious one hit Zimbabwe in 1994/95), so that transfers related to the production years 1993 and 1994

have been either finalized or are in the pipeline, while makes it likely that further transfers will be made once the production figures for 1995 are available.

So far an amount of 20.5 MECU has been transferred to the Government of Zimbabwe, which is using the funds to improve production and marketing capacity in the cotton and coffee sectors.

## **Food Aid and Rehabilitation Projects**

The objectives of the EU's food aid and rehabilitation programmes in Zimbabwe are to overcome famine during drought periods; increase food security at the national, district, community and household levels; improve on a sustainable basis the nutritional status of the recipient population; and support infrastructural development activities that in turn boost agricultural production.

The above objectives have been met through food-for-work projects and free food distribution to well targeted groups and through drought recovery programmes under which seeds and agricultural implements are distributed free to communal farmers. 15,574 tonnes of food and seeds and 5,000 agricultural implements under food aid projects implemented by European NGOs (in co-operation with their Zimbabwean counterparts), and by international

organizations were distributed in 1993/1994 and 1994/1995, bringing the total cost of food and non-food items for those years to approximately 6.8 MECU. Even during the more normal seasons, Zimbabwe benefited indirectly from EU aid programmes through triangular transactions under which food aid funds were used to buy surplus foodstuffs and seeds in the country for export to deficit countries. This budget-line item supported the internal economy with the purchase of food for export to Angola, Malawi and Mozambique and other countries in the region. The EU also provided food aid to Mozambican refugees before they were repatriated in 1994.

Zimbabwe also benefited from food aid worth about 23.8 MECU during the years 1982 to 1984, and about 66,634 metric tonnes of associated food commodities valued

at about 22 MECU. This helped substantially to alleviate the food supply pressures during the devastating drought of 1992 affecting the whole region of Southern Africa.

The EU, with the co-operation of the implementing partners, is assisting local communities in various ways. Both food aid and longer-term rehabilitation activities complement government programmes. The construction of 5 large warehouses to be used for agricultural products and food aid programmes is also expected to improve marketing strategies of communal farmers in their efforts to increase production. In addition, 20 small village stores were built and 36 boreholes drilled to supply safe water for the village families. The implementation of these rehabilitation components (the total value of which is approximately 1.1 MECU) started in 1993 and was



finalised during the first half of 1995.

The lack of food security in Zimbabwe is attributable not only to frequent drought, but also to a number of other structural and organisational factors. The EU seeks to address these other problems by funding not only food aid projects such as general drought relief

activities, supplementary feeding schemes and support to vulnerable groups but by giving priority, whenever possible, to food security programmes with a longer-term outlook together with development activities mainly in the rural or agricultural field aimed at improving food availability and access to food

for needy people, particularly in the poorer agricultural regions.

One important aspect of these activities is to support the efforts of the recipient communities to improve their own food security through self-help and self-development.

## ***European Investment Bank (EIB)***

**T**he European Investment Bank's activities in Zimbabwe have involved providing risk capital and loans for important projects in energy, industry, agro-industry,

mining, telecommunications and transport, as well as for credit schemes through the Zimbabwe Development Bank. In total the EIB has provided over 235 MECU to

Zimbabwe during the last fifteen years. Energy has been the focal sector for the EIB's intervention, accounting for more than 40 percent of the total amount.



*Thermal power station in Harare. Energy receives support from EIB funds*



# Other Activities

In addition to the resources made available from the Lomé Convention Agreements, Zimbabwe has also benefited from activities financed by the general European Commission budget. These include an important programme of support for refugees from Mozambique on Zimbabwe soil, co-financing of projects with European non-governmental organisations, the fight against apartheid, penal reform, AIDS education/awareness, and cultural activities including films and film festivals, as well as the 1995 SADC Music Festival, in Harare, history seminars, press development and the sporting sector (in particular the 1995 All Africa Games). A summary of these is given in this table.

*Refugees from Mozambique in Zimbabwe*

**TABLE 6 - OTHER ACTIVITIES**

<b>Support to Mozambican Refugees</b>	3,44 MECU
<b>Support to NGOS</b>	15 MECU (since 1980)
<b>All Africa Games Preparatory Study</b>	60,000 ECU grant
<b>Technical Assistance for All Africa Games 1995</b>	300,000 ECU grant
<b>SADC Music Festival 1995</b>	500,000 ECU grant
<b>Film "Flame"</b>	253,165 ECU grant
<b>AIDS Control Programme/STD Control Programme</b>	920,750 ECU grant
<b>Research Programme "Science and Technology for Development"</b>	1.1 MECU
<b>Ecology in Developing Countries "National Botanical Gardens"</b>	595,000 ECU grant
<b>Decentralised Cooperation</b>	relevant projects are financed accordingly
<b>Human Rights and Democracy</b>	200,000 ECU grant
<b>Assistance to Rehabilitation Programme in Southern Africa</b>	relevant projects are financed accordingly
<b>Women in Development</b>	relevant projects are financed accordingly
<b>Drug Control and Drug Traffic</b>	relevant projects are financed accordingly
<b>Support to Conferences, Workshops and Seminars</b>	relevant projects are financed accordingly

*ECU = European Union Currency Unit (=1.34 US\$ in June 1995)*

*1 ECU = ZW\$ 10,87 (June 1995)*

*1 MECU = 1 million ECU*







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