APPENDIX

SOME STATISTICAL ASSUMPTIONS AND A DRAFT BUDGET

In preparing and developing its policy programme, the MDC needed to have an agreed statistical basis on which to base its policies. At present, statistics in Zimbabwe are difficult to obtain and are in many cases unreliable. This is partly because the traditional sources of such statistics are now unable to produce the required numbers or are being denied the right to publish them. The brief outline of national statistics that follows is therefore based on estimates used from the most accurate available sources.

POPULATION

At Independence in 1980, the national population was estimated to be expanding at 3 per cent per annum. At these rates of growth the national population of 8 million was expected to double in 23 years to almost 17 million. These estimates were based on live birth rates of 4.3 percent per annum and death rates of about 1.3 percent per annum. Migration was estimated to be marginally negative.

In reality, death rates have risen steadily, driven by poor health-delivery services, high HIV infections, and the emergence of epidemic levels of infection for malaria, tuberculosis and water-borne diseases. In addition, migration has accelerated along with the recent collapse in the economy, and it is now estimated that in excess of 4 million Zimbabweans are living outside the country.

Estimates of the national population vary but it is generally accepted that in 2000 the population was about 12.5 million. Estimates now put it as low as 8 million. The MDC is using a figure of 10 million as a basis for its social and economic planning.

The structure of this population is also a point of contention. Historically, 53 to 55 per cent have been under the age of 18 years. With life expectancies now estimated to be 34 for women and 37 for men, it is possible that this ratio has risen. The percentage of the population under 18 might therefore be as high as 60 per cent. Of this number 1.6 million are estimated to be orphans – the highest ratio of orphans in the world.

Using these statistics the MDC has determined that it might have to deal with the following demographic realities in its preparations for election to government in 2008.

National population		10,000,000
Age breakdown	0 to 5 years	1,650,000
	6 to 10 years	1,490,000
	11 to 15 years	1,350,000
	16 to 20 years	1,300,000
	21 to 25 years	1,250,000
	26 to 30 years	1,000,000
	Over 30 years	1,960,000

Urban/Rural Split

When it comes to the question of what proportion of the population lives in urban and rural areas, the estimates are also subject to a great deal of controversy. Estimates for the populations of the 25 urban councils are perhaps the best estimate of urban population, leaving the balance to be assumed as the rural population.

Current (2007) estimates for the population of the major urban centres appear in the table below.

Harare (including Norton and Ruwa)	2,000,000
Chitungwiza	1,000,000
Bulawayo	1,200,000
Gweru	350,000
Mutare	300,000
Kwe Kwe	300,000
Masvingo	250,000
All other centres	900,000
Total	6,300,000

This suggests a split of 63 : 37 between the urban and the rural population – very different from the traditional assumption of a 40 : 60 per cent split. If we assume that the population on commercial farms is about 700,000 (down from 2 million before the farm invasions) then the rural population could be below 3 million – very different from the levels assumed in 1980 and in 2000.

HIV/AIDS

The incidence of HIV infections is assumed to be unchanged at 25 per cent of the adult population. Recent reductions in infection rates are thought to be based on inadequate information and are deemed unreliable. There are no signs of any significant change in the general situation regarding behaviour and infection.

This suggests a population of HIV-infected adults of 1.375 million, and at present mother-to-child infection rates it is estimated there might be up to 125,000 children who are also HIV-positive. This suggests a total HIV-positive population of 1.5 million. This is below other estimates because of the migration and early deaths of HIV-positive adults.

The emergence of full-blown AIDS in the population is estimated to be about 300,000 cases and mortality at 182,000 a year – partly due to related infections and poor nutrition.

The figure for AIDS orphans is staggering – at 1.6 million at present, or one third of all children of school-going age. This number is growing at the rate of about 350 children per day.

LAND DISTRIBUTION, PAST AND PRESENT

At independence in 1980 the government inherited a patently unfair distribution of land. About 6,000 white commercial farmers had access to 15.5 million hectares containing some of the best farmland, while over 760,000 smallholder farmers were expected to eke out a living on 16.4 million hectares of communal land – much of it in arid areas with poor soils. Over the following twenty years the government resettled only 71,000 families on 3.3 million hectares acquired on a willing-seller–willing-buyer basis. A negligible number of women were resettled.

Amid much fanfare the government passed the Land Acquisition Act in 1992 to speed up the land reform process. Despite the passing of this law, land reform was no longer the government's priority and progress was minimal. Scandals emerged in 1994 of land allocations to politicians and senior civil servants, while large swathes of land acquired for resettlement lay idle.

Land classification prior to the 'fast-track' programme in 1992

Natural Region	*Sector (thousand hectares)*			
	Communal Lands	*Large-scale commercial*	*Small-scale commercial*	*Resettlement*
I & II	1,410	3,890	250	620
III	2,820	2,410	520	1,240
IV	7,340	2,410	530	1,240
V	4,780	2,490	100	620
TOTAL	16,350	11,200	1,400	3,720

Source: Rukuni Commission Report, 1992.

In 1998 the government held a land reform conference in Harare at which a number of far-reaching agreements on land reform were reached with all parties involved.

After February 2000, government brushed aside the undertakings it had given at the 1998 conference to resolve the land issue in a transparent, fair, lawful and sustainable manner. Stung by the people's rejection in a referendum of its draft constitution, and to maintain its grip on power, the government launched the 'fast-track' land reform programme, which was marked by illegal land seizures, xenophobia, racism, lawlessness and violence; 10.8 million hectares of commercial farmland were gazetted for acquisition, of which 6.4 million passed into the hands of 'war veterans', political elites and other ruling-party supporters.

Most of Zimbabwe's skilled white commercial farmers were driven off their farms, and over 240,000 farm-workers and their families – an estimated 1,4 million people – lost their livelihoods and homes, as well as access to farm schools and other social amenities. Today, the large-scale commercial sector produces less than twenty per cent of the output of the 1990s, while millions of Zimbabweans are hungry, poverty stricken and dependent on food handouts.

The land classification in the table above is to be compared with the situation after the 'fast-track' process. The table below gives the land ownership pattern as at the end of July 2003.

Land-ownership patterns after the 'fast-track' programme (as at 31 July 2003)

Category	*Area (million hectares)*	*Percentage of total land area*
A1	4.2	11
A2	2.2	6
Old resettlement area	3.7	9
Communal	16.4	41
Large-scale commercial	2.6	6
Small-scale commercial	1.4	4
National Parks and urban	6.0	15
State Land	0.3	1
Other*	2.8	7
Total land area	39.6	100

Source: Utete Committee Report: Provincial Profiles
* Refers to land that has been acquired for resettlement under Model A1 and A2 but has not yet been taken up by those allocated plots.

Under the guise of anti-colonial rhetoric and populist appeals, the programme has descended into flagrant land-grabbing and outright theft. The evidence of theft is contained in the Flora Buka Report (2002), the Utete Land Review Committee Report (2003) and the Presidential Land Resettlement Committee Report (2004). None of these reports has been made public.

ECONOMIC INDICATORS

Gross Domestic Product

The GDP of the country was estimated in 1997 to have peaked at US$8.7 billion. It is now estimated to be approximately US$4 billion and may in fact dip below this level in 2007. The reduction in GDP estimated for 2007 is estimated at 12 per cent. This will be the biggest decline in GDP since 1999, when the first decrease in GDP was recorded; the economy has declined in output every year since then. The acceleration in the rate of decline is due to the recent measures taken against the private sector.

Budget

The budget deficit is expected to be maintained at over 60 per cent of GDP, funded mainly by printing money. This will maintain present inflation. Tax receipts are projected to fall significantly in real terms in 2007. The dependence of the current regime on borrowings and printing money will remain at unacceptable and historically high levels.

Exports/Imports

The value of exports reached a peak in 1997 of US$3.4 billion or 40 per cent of GDP. Imports that same year were equal to 50 per cent of GDP, driven in part by the availability of foreign aid and assistance from the multilateral agencies.

Exports in 2007 are expected to reach US$1.4 billion – assisted by very much higher global prices for minerals and precious metals. Imports will be higher, assisted by continued foreign aid, which is expected to reach over US$600 million or 15 per cent of GDP. This is three times the average level of foreign aid for African countries at present.

Inflation

This is currently (December 2007) estimated to be over 100,000 per cent, if the high prices being levied in the parallel market are factored into the equation. Using official prices, inflation was last estimated by the Central Statistical Office to be over 26,470 per cent in November 2007. It is estimated that inflation will continue to escalate and that the present hyperinflation period will last for at least eighteen months – having started in March 2007 and running well into the third quarter of 2008. After that, on the assumption that the MDC wins the next elections and implements its radical stabilization plans, inflation is expected to fall to below three digits in six months and to double digits in twelve months.

MANUFACTURING INDUSTRY

The serious underutilization of production capacities throughout the manufacturing sector, constrained, in the main, by serious foreign-exchange shortages, is depicted in the tables below.

Percentage of firms operating at specific levels of capacity utilization

Capacity	*<30%*	*31%–49%*	*50%–73%*	*74%–99%*	*100%*
2005	14.3%	45.5%	40.2%	13.0%	2.6%
2006	18.1%	48.6%	33.3%	9.7%	0%

Weighting of the major factors that inhibited output in 2006

Foreign-exchange shortages	69.4%
Raw material shortage (local & imported)	56.9%
Low demand	26.4%
Energy and fuel shortages	15.2%
Working capital shortages	9.7%

AGRICULTURAL OUTLOOK 2007/08

It is assumed that the coming season will be better from a rainfall perspective than 2006/07, when rainfall in the regions in the drier areas of Zimbabwe was well below average. However, land preparation in the winter of 2007 has been well below the level of 2006 because of severe shortages of fuel and traction capacity. The availability of seed and fertilizer is well below 2006 levels and will affect all types of agriculture.

Disruption of farm activity by forced expulsions continues, and this will impact on tobacco production, which is expected to be well below the levels achieved this past season when the remaining 200 large-scale growers had an excellent season.

It is expected that crop outputs will continue to be low in 2008 – probably not exceeding the levels achieved in 2007. In the cotton industry, output might be higher because of better rainfall in the production regions, but tobacco output will be lower and that of food crops the same or less. Meat output will be well below recent years because of the cost of inputs and the impact of price controls.

FOOD SUPPLIES

It is estimated by the UN that 4.1 million people will have to be supported for their basic food needs until the next harvest in April/May 2008. Apart from this, the majority of the country's basic food needs have to be imported. The estimates for this in the 2008/09 marketing year (April to March) are as follows:

Maize grain

Demand	1.2 million tonnes for human consumption
	0.6 million tonnes for stock feed
	0.2 million tonnes for industrial purposes
Total	2.0 million tonnes
Local production	0.6 million tonnes
Import demand	1.4 million tonnes
Cost at present prices	US$420 million

Wheat

Demand	0.350 million tonnes for all purposes
Local production	0.075 million tonnes
Import demand	0.275 million tonnes
Cost at current prices	US$110 million

Oilseeds

Demand	0.250 million tonnes for all purposes
Local production	0.085 million tonnes
Import demand	0.165 million tonnes
Cost at current prices	US$175 million

Note: This demand is met partly from cottonseed and partly from soyabean production. It is critical for nutritional purposes and for stock feed.

Totals

Total demand	2.6 million tonnes
Total import demand	1.84 million tonnes
Total cost at current prices	US$705 million

PROVISIONAL NATIONAL BUDGET ESTIMATE

Year 1 (April to March), US dollars

Ministry		*%*	*National*	*Donor*	*Other*	*Total*
President	Office	1	13,500,000			
	Security	2	27,000,000			40,500,000
Education	Primary	14	189,000,000	189,000,000	15,000,000	
	Secondary	6	81,000,000	81,000,000	20,000,000	
	Tertiary	4	54,000,000	40,000,000	20,000,000	689,000,000
Health	Public	1.5	21,600,000	20,000,000		
	Primary	1.5	21,600,000	21,600,000	5,000,000	
	HIV/AIDS	1	13,500,000	100,000,000	5,000,000	
	Other	6	81,000,000	60,000,000	50,000,000	399,300,000
Foreign Affairs	Office	1	13,500,000			
	Embassies	2	27,000,000			40,500,000
Home Affairs	RG's Office	1	13,500,000			
	Police	3	40,500,000	15,000,000	5,000,000	74,000,000
Agriculture	Agric.	3	40,500,000			
	Land	1	13,500,000	500,000,000		
	Veterinary	1	13,500,000		1,000,000	568,500,000
Industry & Commerce	Admin.	2	27,000,000			
	Raw Mat.			450,000,000		477,000,000

Notes

1. GDP is estimated at US$4.5 billion in the first year after change.
2. Total tax revenues are projected at 30 per cent of GDP in year one.
3. A small budget deficit is projected (2 per cent).
4. Donor fund inflows are projected at US$1.5 billion in the first 12 months: 20 per cent for education, 13 per cent for health (including HIV/AIDS programmes), 30 per cent for humanitarian and emergency programmes, and 33 per cent for land resettlement and rural reconstruction.
5. All food aid is channelled into commercial firms with the counterpart funds then recycled to emergency programmes, humanitarian aid and reconstruction programmes.
6. Debt servicing is restricted to 17 per cent of the budget, all national debts will be consolidated into the Ministry of Finance where it will be subjected to renegotiation and settlement on terms agreed with the Ministry.
7. Income and expenditure shown in the column 'Other' reflects non-tax revenue and expenditure from all sources within the spheres covered by this policy document. This includes the budget of the proposed National Social and Economic Council (the proposed social safety net: pensions, medial aid and other benefits). It includes the cost of private education and health as well as their predicted revenues for the year.
8. The revenues for the National Road Fund and for local authorities designated for road works is reflected in Local Government and Roads (US$375 million).
9. No provision is made for subsidies to State-owned and State-operated entities. They will all be required to operate on a full cost recovery basis although accumulated debts will be moved and consolidated into the National Debt at the Ministry of Finance.

Provisional National Budget Estimate (*Continued*)

Ministry		*%*	*National*	*Donor*	*Other*	*Total*
Defence	Army	5	67,500,000	2,000,000		
	Air Force	2	27,000,000	1,000,000		
	Right-sizing	3	40,500,000	20,000,000		158,000,000
Mining	Admin.	1	13,500,000		2,000,000	15,500,000
Tourism	Tourism	1	13,500,000		2,000,000	
	Energy	1	13,500,000		1,000,000	
	Environment	1	13,500,000		1,000,000	44,500,000
Communication	Transport	1	13,500,000			
	Post Office	1	13,500,000		5,000,000	
	Roads	2	27,000,000		350,000,000	
	Telecom.	1	13,500,000		20,000,000	442,500,000
Finance	Admin.	3	40,500,000			
	Debt Serv.	17	229,500,000			270,000,000
Labour & Social	Admin.	3	40,500,000			
	Aid				700,000,000	740,500,000
Local Government	Admin.	1	13,500,000		25,000,000	38,500,000
Justice	Parliament	2	27,000,000			
	A-G's Office	1	13,500,000			
	Constitution	1	13,500,000			54,000,000
National Integration	Admin.	1	13,500,000			
	Justice Com.	1	13,500,000			27,000,000
TOTALS		100	1,352,700,000	1,499,600,000	1,227,000,000	4,079,300,000

Notes (cont.)

10. All State revenues and expenditure will be channelled through the Ministry of Finance and all quasi-fiscal activity by the Reserve Bank halted.
11. As GDP recovers and the balance of payments strengthens, so the government will increase debt-servicing rates. It is hoped that this, together with rescheduling and debt relief, will eventually reduce the anticipated total debts of the State to manageable levels (not more than 40 per cent of GDP). At April 2008 it is estimated that total debt will exceed two years GDP and seven years of total export revenues.
12. Balance of Payments: 2008/09

Inflows	*US$*	*Outflows*	*US$*
Exports	1,300,000,000	Debt service	229,500,000
Invisibles (Net)	250,000,000	Commercial imports	850,000,000
Donor funds	1,499,600,000	Food imports	500,000,000
Diaspora	1,000,000,000	Fuel and oil	1,000,000,000
		Electricity	400,000,000
Total	4,049,600,000	Total	2,979,500,000

Projected import cover by year-end: US$1,079,100,000 (3 months).