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**Urban Economic Restructuring and Local
Institutional Response: the Case of Bulawayo,
Zimbabwe**

Mirjam Zaaijer

Institute for Housing and Urban Development Studies

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Correspondence

Institute for Housing and Urban Development Studies (IHS)
Publications
P.O. Box 1935
3000 BX Rotterdam
the Netherlands
Phone: +31 10 4021564
Fax: +31 10 4045671
E-mail: publications@ihs.nl
Homepage: <http://www.ihs.nl>

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Preface

This report *Urban Economic Restructuring and Local Institutional Response: the case of Bulawayo, Zimbabwe* is the result of research carried out in 1995/1996. The research is part of a broader research programme into the effects of economic restructuring on selected cities in Zimbabwe, Colombia and India. This research is undertaken jointly by the Institute for Housing and Urban Development Studies (IHS), Rotterdam, and the Institute for Social Studies (ISS), the Hague, in collaboration with counterparts in the cities involved. In the research the IHS focused on public policy and institutional responses and the ISS focused on the situation of the business sector and business support organisations. In Bulawayo, the IHS and the ISS carried out complementary research. The present report presents the work done by the IHS.

The research project aims to study processes of economic restructuring at the city level. Though there is a growing literature on the macro-economic processes of adjustment, there is much less understanding of the impacts on specific cities. In particular the research aims to:

- improve understanding of the nature and dynamics of economic restructuring processes in Bulawayo, in particular the economic, institutional and physical dimensions of these processes;
- improve understanding of appropriate policy responses that may be undertaken by local government and other (local) institutions in enabling local economic development.

The scope of the research is restrained in two ways. Firstly, during the research it became clear that in Bulawayo in general, and the Bulawayo City Council in particular, information available on the local economy is very limited. This signifies a limitation for the research. A number of small surveys to generate relevant information were carried out during the course of the research, but of course this cannot compensate fully for the absence of proper city-wide information. Secondly, the research was carried out from mid-1995 to the end of 1996. As such, the research results are a reflection of the situation in the city at a certain moment in time. Developments which took place after the end of 1996 have not been incorporated.

The current concern of local policy makers, senior Bulawayo City Council staff, and private sector representatives with the need to foster local economic development, has been evident - and encouraging - during the research. It has given the researcher a variety of opinions and information. A critical challenge for Bulawayo lies in managing concerted efforts for promoting the economic welfare of the city. It is hoped that the present study contributes to this task.

Mirjam Zaaier
January 1998

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Introduction

This page contains a number of statements which together sketch an a-priori picture of economic restructuring and local institutional response in Bulawayo. Though they are individual opinions, the author believes that they illustrate fairly well the issues at stake in Bulawayo.

Contrary to the prophets of doom, Bulawayo is not a dying city. It is alive and full of promise (President Mugabe, 1994)

In the past Bulawayo was the industrial and commercial nerve centre of the country. We have to recapture that position and establish leadership and with it courage and commitment. We must also create conducive conditions for growth and expansion. (ex-Mayor, 1994)

Shrill protests have been heard from Bulawayo for a long time over the snail's pace at which the city has crawled in its development effort. Some of the protests say that the government has failed to spread the dividends of post-independence development to Bulawayo, but they failed to state the role that the people of Bulawayo themselves must play in their self-advancement. This is a serious omission. We are certain that if businesses and the municipality had long campaigned for new investments and for more tourists, today's centenary celebrations would have taken place in a bigger and more prosperous Bulawayo. (special issue of the Chronicle for Bulawayo's Centenary, 1994).

Bulawayo should stop crying and act. The traditional industrial backbone is still suffering but new investment areas abound. Besides, Bulawayo has some headquarters of national agencies, so we have to make sure those are not lost. Bulawayo people are not sufficiently aggressive in joint-ventures. Bulawayo is close to South Africa, but Harare seizes all the opportunities. Bulawayo has the best run City Council in the country, but they don't jump on new ideas (local businessman, 1995)

I would not be exaggerating in stating that Bulawayo is the best planned city in the whole of Africa (Provincial Governor of Matabeleland North, 1996).

An excessive pre-occupation with abiding by the 'rules' characterizes the administrative structure of Bulawayo City Council. This conservative nature of the City Council has earned it the status of the best managed local authority, but also leads to lack of acceptable and sound investment in the city. There is insufficient appreciation for the prevailing social and economic order. Local government needs to rethink its role and mandate (interview with a City Council official, 1996).

Bulawayo is slowly adjusting to new times (local NGO representative, 1996)

1 The Research Framework: Urban Economic Restructuring and Local Institutional Response

1.1 Cities, global economic change, and local responses

The literature on the role of cities in the development of the national economy is, since the 1980s, rather conclusive: cities are major contributors to national economic development and function as centres of economic innovation (World Bank, 1990; Berghall, 1995). A recent stream of studies highlights the impacts of global economic changes and economic liberalisation on cities in lower and middle income countries (Harris and Fabricius, 1996; Nientied and Zaaier, 1995). It is argued that continued globalisation has particular impacts on regions and cities, and not only on nations. The disengagement between capital and location and changing production and communication technologies, result in transformations of industrial patterns and investment and communication flows, and are connecting small cities in, for example, Africa with the world market.

In most developing countries the impact of economic globalisation seems to be intensified by two interrelated trends. Firstly, economic adjustment policies, which generally imply withdrawal from direct government intervention and protection, and more support to market and private sector development. Secondly, liberalisation, i.e. greater openness of national economies, has provided new opportunities but at the same time has made urban economies increasingly vulnerable. A direct consequence is that traditional competition between nations is increasingly replaced by (implicit) competition between urban centres. Little is known about these localised impacts, either at enterprise, or at city-wide level.

Studies focusing on the impacts of economic restructuring point to ensuing problems as well as opportunities. Typical problems include: (i) a loss of economic activities, especially in the industrial and manufacturing sectors; (ii) redundancies; (iii) a reduced local financial base; (iv) physical decline; and (v) social problems (Chagwiza, 1994; Torrico, 1993). Opportunities relate to the development of new types of economic activities, typically in the tertiary sector, more efficient production, and a more efficient use of the urban space, all leading to increased local economic well-being (Harris, 1995).

A critical question is whether cities are merely at the mercy of the global changes identified, or whether they are in a position to influence how these processes affect local development. In this respect, the experiences in cities in OECD countries, many of which have been affected by global changes from the 1960s onwards, offer interesting examples. Decline and retrenchments in traditional economic sectors (mostly primary sectors such as mining, and large-scale manufacturing) led to a need for restructuring local economies.¹ Cities and regions have developed in an entrepreneurial manner, and have taken co-responsibility for local economic development.

There are two major differences between the situation in Western Europe, and in lower and middle income countries. The first is the time element: Western Europe's economic restructuring has been taking place over a period of decades, and has been gradual. Under the influence of globalisation and structural adjustment, this process is in many low and middle income economies rather dramatic. The second point is that of support from the central government: in Western Europe central governments have been able to pursue regional policies, and have attempted to mitigate the costs of economic restructuring. Central governments in low and middle income economies do not have the funding and the organizational capacity for this.

Of crucial importance for effectively restructuring the local economy is the 'response capacity' of a city. A number of authors have argued since the 1980s that the key to this response lies in local resources and the management thereof (cf Stohr, 1991; Nientied, 1997). Local resources is a broad concept, and includes all material and immaterial assets a city can deploy for local economic development. City responses include developing new economic roles, new methods of financing and governing cities, new partnerships involving public-private and non-governmental agencies, new forms of planning, etc. The local government is seen as a lead partner in the development of the city responses.

Public policy and local institutional response

Literature suggests that the adaptation of a city's economy to a changing context cannot be left to the market. Many economic development needs have strong public-good attributes (infrastructure, education), thereby creating a rationale for government involvement. Likewise, decisions to be made in guiding structural economic change are of too strategic a nature to be left to individual firms, or groups of firms.

Studies of OECD countries have shown that public response to local economic development may range from a laissez-faire approach, to a pro-active approach (OECD, 1993; Moulaert, 1994). The first implies leaving economic development to the market, supplemented by measures to mitigate the worst effects of economic change. On the other extreme is an 'entrepreneurial economic policy', which implies a more conscious effort to invest in and promote selectively activities, sectors and firms in the city. In this effort, both public and private actors may take a lead role.

¹ Larya-Adjei (1995) made an overview of the response in a number of OECD countries to global change, and drew some conclusions on the relevance of these experiences for developing countries.

A working definition of local economic development is: the process of building a community's capacity for shared and sustainable improvement in its economic-well being (OECD, 1993, 32; cf Farago, 1991). Improvements in economic well being can be seen in terms of increased income, increased employment, improvements in urban assets, environmental upgrading and a range of other non-monetary betterment in the quality of life. This terminology is necessarily broad, since economic development should not be linked only to economic growth.

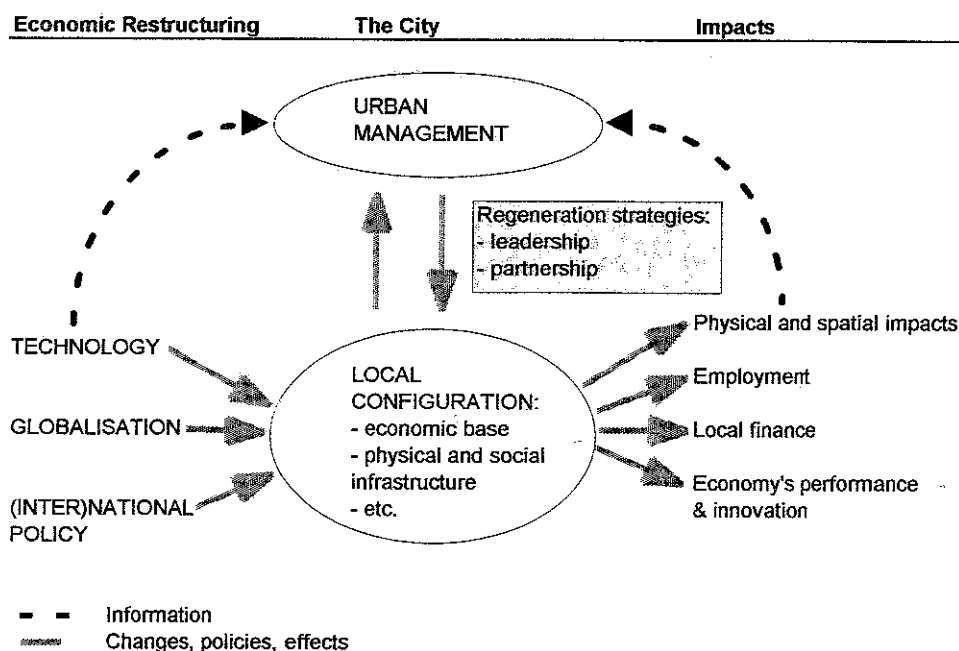
De-facto all cities have a set of direct and indirect measures which influence the local economy, but in too few cases is this set explicitly elaborated and serving as a cornerstone of urban management. Instruments for local economic development may not be recognised as such, but be merely seen in their sectoral domain (e.g. transport, infrastructure). Also the example of cities with general city promotion instruments, but without much substantial economic policy, is not uncommon.

1.2 Research concept and research questions

Figure 1 below outlines a perspective on the role of urban management in the economic restructuring processes at the city level. This framework contains the following concepts.

- (i) the externally induced restructuring forces: i.e globalisation processes and (inter)-national economic policy;
- (ii) the 'local configuration', consisting of existing social, economic, institutional and physical conditions in a city;
- (iii) the local impacts of restructuring, on the performance of the economy, on employment structures, and on physical and spatial patterns;
- (iv) the response of local enterprises;
- (v) urban management response in regeneration strategies and projects.

Figure 1.1 The role of urban management in the economic restructuring processes at the city level



Whereas the present study takes urban management as a focal point, the parallel research of the ISS concentrates on the responses of local enterprises and their institutional framework.

The above figure is translated for the present research on Bulawayo, into a series of research questions.

Research question 1: policies for economic development

Many local governments in cities in Asia, Central and Eastern Europe, Latin America and Africa are hardly involved in the co-ordination of local economic development. In a context of sectoral and centralized government systems, and urgent day to day problems, undertaking efforts for promoting economic development is often considered to be beyond the capacity of most local governments. As mentioned, changes in the local economy become increasingly consequential for local authorities. As a result of a decentralisation process within the public sector, local government is expected to play a more pro-active role in stimulating local economic development. Increased vulnerability and economic competition between cities on the one hand, and more local responsibility and accountability on the other, makes reliance on higher levels of government to secure jobs and investments, less acceptable. Besides, national economic policies have mostly proved unable to solve local economic problems. Therefore the pressure for action at the local level grows.

Designing longer term strategic plans, integrating economic considerations in sectoral investments decisions, and preparing action plans for local economic development is an important element of this governance concern. Asking questions such as "what do we want this city to look like in the future" and "what should its economic future be" would be at the heart of this concern. Through formulating answers to these questions economic policy should take shape, aimed at creating an environment able to respond to wider economic and societal changes, to seize economic opportunities and strengthen the competitive position of local enterprises.

Question 1:

What public policies or interventions have been pursued, at different government levels, to support the local economy? Which actors have been involved in the policy formation process? Can effects on the local economy of these interventions be identified?

Research Question 2: Local capacities

However, whether local government assumes responsibility for local economic development, and in what form it assumes this responsibility, i.e. the 'response capacity', is particularly influenced by:

1. level of decentralisation - functions/ responsibilities of local government versus higher levels of government
2. political context - political coalitions versus political fragmentation
3. assignment of responsibility for local economic development, local discretion

4. internal organisation of local government - sectoral fragmented versus integrative structure
5. local financial capacity
6. attitude of management / commitment
7. capability staff / human resource development levels
8. strength of the private sector, public - private sector collaboration

Question 2:

How does local government perceive its role in the local economic transformation process, and what is it doing in practice to support the process? If the internal capacity to respond is a function of the attributes mentioned earlier, which of these attributes have played a more decisive role in shaping the actual response of the local government?

Research question 3: Partnerships for local economic development

Apart from local government, a variety of parties are stakeholders in the local economy. Business associations, knowledge institutions, support agencies, workers and organised labour, NGOs, CBOs, are all likely to share a concern for recurrent changes in the local economy and their short- and long-term implications. Literature has pointed to the added value of partnerships of public and private institutions in local economic and social development strategies (Vallejo Mejía, 1992; Bennett & Krebbs, 1991). Pooling knowledge, experience and resources may lead to achieving more ambitious economic and social goals in the end.

Question 3:

Which initiatives have been undertaken by local private institutions to deal with the city's economic restructuring and its impacts? Are there partnerships with the public sector? Do the partnerships work well according to the stakeholders? Can opportunities for achieving synergy by orchestrating or combining individual efforts be identified?

Research question 4: Economic restructuring and the planning/regulatory framework

For decades, urban statutory planning - Master planning - has been the leading discipline to look at and co-ordinate the development of urban areas. However, worldwide, urban physical plans are losing their importance as co-ordinating mechanisms for the city, because of their relative isolation from urban finance and urban operations. Most often, urban physical plans have little concern for mobilising productive investments and generating local economic activity and employment. On the contrary, they have rather been detrimental to those concerns. As a response, there is an increasing recognition of strategic and action-type plans as new tools for urban planning (Davidson, 1996).

Inappropriate and unrealistic planning has often resulted in a lack of adequate infrastructure and space for businesses (World Bank, 1991; Devas and Rakodi, 1993; Peterson et al., 1991). This has been aggravated by an outdated and inflexible legal and regulatory framework. Examples include planning or zoning

regulations that prohibit growth in certain areas. Many planning systems require a strict separation of commercial and industrial land uses from residential uses.

These requirements are specially discriminative for small-scale or informal enterprises, which normally have a preference for locating business operations in the owner's residence in order to cut down on total land and building costs, transportation costs, etc. Supportive land and regulatory policies would include permitting informal enterprises to function in low-income residential areas and design subdivision regulations with an eye to commercial and industrial use, not just residential use. They would treat infrastructure provision as critical to informal sector growth and reduce red tape to set up and register small businesses (Peterson, 1991; Bromley, 1985). The result of all these constraints may be an over-regulated urban land market which limits urban land supply and drives up land and building costs.

Question 4:

To what extent is the present planning system conducive or detrimental to local economic development? Have there been any efforts to make the planning system more responsive to the needs of the private sector?

Research question 5: Economic restructuring and land/asset management

Land and asset management can be seen as essential instruments for local economic development. It is expected that one of the impacts of urban economic restructuring is a change in the demand for land and space. In accordance with the changing nature of business activity in cities, the required location, size and service standards of industrial and commercial space are also likely to change. The traditional concern with planning large scale industrial sites with substantial plot sizes is becoming less relevant, and a trend towards providing smaller and more diversified business locations is emerging. Sufficient land and property is necessary for the growth and renewal of existing enterprises, whereas new property development may even attract new firms. With finance for economic development becoming increasingly footloose, the land and labour production factor tend to become more decisive in business locations. In many cities in OECD countries, so-called property-led local economic development² has been utilised as an instrument to boost and regenerate the local economy. In some cities, the re-use of abandoned central locations has emerged as a concern, and can be seen as an opportunity (Mehta, 1993).

Question 5:

Is the local government effectively managing the local land and property market to facilitate the process of economic transformation? What changes can be acknowledged in the demand for land and property by the private sector? Is the local government effectively responding to the changing need for services?

² meaning actively undertaking, or supporting, the development of local property such as office space, workshops, market buildings, etc.

2 Economic development in Zimbabwe and Bulawayo

In this chapter economic development in Zimbabwe and Bulawayo will be reviewed. The first part will emphasise the recent economic reform programme carried out in Zimbabwe and the results of the reforms. The second part will highlight a number of other policies of central government that are or have been consequential for the pace and pattern of development in Bulawayo. Finally, economic development in Bulawayo itself will be discussed, with a particular concern for the ongoing restructuring of the local economy, and the negative and positive aspects of this change.

2.1 Economic development in Zimbabwe

In an overall African context, Zimbabwe's economy is relatively sound and supported by good infrastructure and institutions. Zimbabwe is under-urbanised relative to its structure of production. With a total population of 11 million in 1994, the level of urbanisation is 27 %.³ The country possesses the most well-integrated and diversified manufacturing sector in Sub-Saharan Africa, except for South Africa. The sector has the highest contribution (24 %) to GDP, employs 17 % of the formal labour force, and accounts for 41 % of total exports.⁴ The most important sectors are metals, foods, chemicals, textiles, furniture, tobacco and leather. Harare and Bulawayo together account for 70 % of industrial employment in the country. Tourism is still modest, but has been assigned great economic potential. Total GDP was 5,432 million US\$ in 1994 (compared to 5,355 million US\$ in 1980).⁵ Agriculture is diversified and provides 70 % of the country's employment and 15 % of GDP (1994). Mining contributes 7 % to GDP but provides no less than 40 % of foreign exchange.⁶

2.1.1 Economic policy 1980-1991

In 1980 Zimbabwe became an independent nation. Under the controversial Smith regime a policy of import substitution had been applied, induced by decreasing income from exports as a consequence of the trade boycott. At independence the

³ Wekwete, 1994

⁴ Zimbex information leaflet 1995

⁵ World Bank, 1997

⁶ van Dijk, 1995

socialism-oriented new leaders inherited a capitalist economy. In order to limit the outflow of (white) capital and skills the economic structure was not radically changed. Policies were aimed at gaining the confidence of the economically important minority and foreign countries.

The first two years after independence the economy prospered, and growth rates of 12 % were achieved, but in the second half of the 1980s a decline set in with growth rates dropping to 3 %. This decline was due to consecutive droughts, a decrease of prices for exported minerals on the world market and not achieving expectations of mass loans and investments from abroad. On the other hand budget deficits were caused by high expenditure on improvements in education and health and the instalment of minimum wages, subsidies to parastatals, as well as high defence expenditure because of South Africa's destabilisation policy.

From 1986 onwards the government had to cut imports to save scarce foreign currency. The results of that policy were devastating for businesses. They could not import sufficient raw materials, and many factories operated far below their capacity due to a lack of inputs. The modernisation of the ageing machinery and equipment was hampered. In addition, inflation accelerated and the balance of payments position worsened. Formal employment creation was far below required levels. Due to the ever increasing government budget deficit interest rates went up. Investments were low due to a lack of confidence, and limited access to and the high cost of foreign exchange.

2.1.2 The post-1991 economic reform policy

To counter existing problems, in 1991 Zimbabwe introduced an Economic Policy Reform Programme (better known as ESAP in the country). It aimed to create conditions for market-led economic development and to stimulate productive investment, employment and exports. The success of this policy depended largely on the performance of the manufacturing sector. In 1992 the IMF approved a US\$ 484 million loan in support of the governments reform programme.⁷

Three reform strategies aimed to bring about the required transformation of the economy.

- a) *fiscal and monetary policies*, aiming to facilitate the channelling of resources to productive sectors. An important aspect is the reduction of the Government budget deficit by curtailing expenditure, increasing or introducing user fees for Government services, and improving the performance of parastatals. This included a planned phased reduction of the number of public workers. More than 25 % of the civil servants would be 'reduced' over five years. The projection was to reduce the Government budget deficit by half to 5 % of GDP and inflation from 25 % to 10 % by 1995.
- b) *trade liberalisation*. This involved removing controls on international trade, resulting in increased competition. The strategy included replacing the system of foreign exchange allocation with a market-based system, through which gradually the importation of goods was facilitated, to allow existing industries to increase capacity utilisation. Foreign investors were

⁷ *ibid*

allowed to invest in the Zimbabwean Stock Exchange. Foreign Currency Accounts were allowed and more opportunities were created for the transfer of profits abroad and foreign exchange retention.

- c) *deregulation*; based upon the idea that domestic economic controls stifles competition and initiative and suppresses economic growth. Domestic controls on prices, labour and wages were removed. Also the investment regime was liberalised.

This Economic Reform Programme clearly meant abandoning the country's socialist aspirations. President Mugabe, who once promised to 'set in motion an irreversible socialist trend' - now called for the commercialisation and privatisation of state-owned enterprises, and offered a warm welcome to foreign investors⁸

In retrospect, the reform process has been painful, and progress erratic. ESAP was originally intended to extend from 1990 to 1995, but the drought in 1991-1992 hit the economy badly. The government had huge outlays of expenditure on importing food and real GDP fell by 7.7 % in 1992, while inflation rose to 40 %.

The economic reform programme has been controversial from the outset. On the one hand the financial and business sector complained that reforms were going too slowly and were not sufficiently far-reaching. On the other hand, political factions considered the leaving behind of socialist ideas hard to accept. Moreover, the marked erosion of living standards of a large proportion of the population caused much resistance. Labour unrest and strikes have been frequent over the last years. Political pressure led to a slow down in implementation in 1995, preceding the elections. The same happened in 1996. In 1995 IMF and the World Bank withdrew more than 1.6 billion Z\$ for ESAP⁹, after Zimbabwe failed to meet its target of reducing the budget deficit to 5 % of GDP¹⁰. By the end of 1996 the same institutions were pressurising the government to further reduce the civil service and devalue the Z\$, to make export more competitive. Also the IMF condition of bringing inflation down to 16-18 % in 1996 was not met.¹¹

In spite of these controversies the IMF agreed to finance a second phase of economic reforms, to take off in 1997. This Zimbabwean Programme for Economic and Social Transformation (ZIMPREST) will aim to consolidate the success of the first phase of reforms.

2.1.3 Results of the economic reforms

It cannot be denied that the government has introduced far-reaching changes to facilitate economic growth and investments. However, economic growth and investments have lagged behind expectations. The budget deficit is still too high and induces high inflation. As a result, a tight monetary policy is leading to interest rates being kept prohibitively high. Inflation also adversely affects the stability of the exchange rate, which in turn, affects export competitiveness and foreign investment.

⁸ Financial Times 24/10/96

⁹ 1 US\$ was equivalent to 9.3 Z\$ by the end of 1995

¹⁰ in 1995/1996 still had a double digit budget deficit. Debt repayment and interest were over 30 % of governmental outflows.

¹¹ Financial Times 12/11/96

Table 2.1 Annual inflation from 1991 to 1995

1991	1992	1993	1994	1995
23.3 %	42.1 %	27.6 %	22.3 %	22.5 %

Source: Bloch and Robertson, 1996

Bloch and Robertson (1996) state that it was mainly because of high interest rates that most entrepreneurs have been unable to take advantage of the liberalised and deregulated business environment. Many companies would already have been in debt when the high interest rate period started. When the situation worsened, they ran into serious problems. Borrowing money, for instance to restructure/modernise operations, became unaffordable for many enterprises. To make things worse, at the same time domestic demand was falling, and competition and local production costs were increasing. Of those who did not take necessary steps in time many have gone either into liquidation or judicial management.

In the beginning of the 1990s industry in Zimbabwe was very much backward. In some manufacturing sectors competition had been absent for many years, which caused products to be outdated and of low quality. For instance, some textile factories were still using looms of 50/60 years old. It is estimated that in middle/senior management positions, as a result of economic liberalisation, computer literacy rose from 5 % in 1991 to 70 % in 1995.¹²

Bulawayo - where export industries are well represented - has been expected to benefit a lot from the first steps of ESAP, as these are particularly targeted to boost export opportunities.

Overall, the manufacturing sector has experienced decreasing outputs after 1991, as table 2.2 shows.

Table 2.2 Index of volume of production of the manufacturing industry 1990-1995 (1980=100)

	1990	1991	1992	1993	1994	1995
Manufacturing	139.1	143.0	129.9	119.3	130.7	112.9
<i>index points change</i>		3.9	-13.1	-10.6	11.4	-17.8
Textiles sector	216.6	226.2	176.5	192.4	206.2	80.9
<i>index points change</i>		9.6	-49.7	-15.9	13.8	-125.3

Source: CSO Quarterly Digest of Statistics

¹² interview with economic expert

Table 2.2 intentionally highlights the textiles sector as this sector has experienced considerable decline. Traditionally it is one of the most significant sectors in Bulawayo's economy. Figure 2.1 shows a more detailed picture of the decline in the textiles sector. The decline in 1995 was caused by a poor cotton crop due to a dry season, rising prices of cotton lint, high interest rates and the near-collapse of textile exports to South Africa.

Figure 2.1 Output volume from the textiles and ginning sector 1990 - 1995



At the launch of ESAP in 1990, approximately 1.7 million people were in gainful employment in the formal sector in Zimbabwe. In 1996 this figure had declined to about 1.2 million. This means an average annual decline of 4.9 % against a population growth of 3 % per year. ESAP has resulted in over 55,000 retrenchments in the public and private sector. It is estimated that in 1995 unemployment in Zimbabwe stood at 45 % and that the informal sector accounts for around 1.6 million workers.

While the population of 10.8 million (1994) continues to grow at 2.5 % per year, the average GDP growth rate of 3.5 % during 1980-1990 dropped to an average of 1.1 % during 1990-1994.¹³ GDP per capita in 1994 was 500 US\$.

In 1995 the economy again experienced a GDP decline. Investments lagged behind expectations, mainly because of the high interest rates (35 % in 1994 and 27 % in 1995). However, in early 1996 it looked as though the economy was doing slightly better and manufacturing was predicted to improve by 7 % in 1996.¹⁴ This can be partly attributed to an above average rainy season and a decrease in interest rate.

¹³ World Bank, 1997

¹⁴ Financial Times 4/4/96

2.2 Public policies shaping Bulawayo 's development

2.2.1 Indigenisation/micro and small scale enterprise development

The term indigenisation is used in both a narrow and a broad sense. In the narrow political sense it means positive discriminatory measures to advance the black business sector. In the broader - non-political - sense it implies a variety of support measures to the micro and small scale enterprise sector, where businesses are mainly operated by indigenous (black) entrepreneurs. The concept has become prominent for two reasons. Firstly, the government is embracing it for political reasons, to meet the claims for economic empowerment of the black business community, in a country where the economy is still largely in the hands of the whites. Secondly, supporting the micro and small business sector is in the present employment crisis considered to be the only realistic option for generating a considerable number of new jobs.

In parliament an indigenisation committee is studying strategies for the empowerment of the indigenous business community, e.g. through subcontracting, or preferential tendering.¹⁵ However, some advocates of indigenisation request even more far-reaching measures for 'affirmative action'.

The creation of employment opportunities is mentioned as one of the main objectives in the Second National 5-year Plan 1991-1996. While about 60,000 jobs can be created in the formal sector annually, more than 200,000 school leavers are entering the labour market each year.¹⁶ Economists claim that the small enterprise sector may be the ultimate answer to high unemployment.¹⁷ In 1993 Zimbabwe had about 942,000 micro and small scale enterprises, employing 1.56 million people.¹⁸ The micro-enterprise sector creates the cheapest form of employment, and hence urgently needs strengthening.

As a response to this urgent need quite a number of schemes are now aiming to provide the micro and small scale enterprise sector with financial and technical assistance. Most of them are donor financed. To the discontent of the small enterprise sector, there was very little for the informal and small enterprise sector in the 1996 national government budget. Only Z\$ 40 million was allocated for on-lending to the Small Enterprise Development Corporation. Since the inception of ESAP, the government has disbursed through commercial banks Z\$ 400 million to indigenous businessmen, though there is considerable concern as to how far these loans really filtered down to micro-enterprises.

2.2.2 Vision 2020 and investment policy

Vision 2020 is the national strategic plan which embodies the government's dream of sustained economic growth over 24 years. The preparation of the document, which is financed by UNDP, is to be rounded off in 1997. The document is to

¹⁵ already, all government investments of less than 3 million Z\$ should be awarded to indigenous businesses

¹⁶ Financial Times 24/10/96

¹⁷ Megabuck, 11/96, p. 9

¹⁸ Gemini - USAID technical report no. 71, 1993

replace the old 5-year government programmes and is to provide a longer-time framework, not only for the government but also for the private sector. The strategic plan bears a lot of similarity to Malaysia's Vision 2000. This is not surprising, as over the last decade Zimbabwe has entered into intimate relations with the Malaysian government and business community. Though the government has organised seminars throughout the country to discuss the plan, the response from the private and civic sectors is lukewarm. Insiders call Vision 2020 a large academic debate and a central government affair.

One of the objectives of the Economic Reform Programme was to attract foreign investments. Most foreign investments in Zimbabwe are channelled through joint-ventures. In order to boost lagging investments in 1989 the Zimbabwean Investment Centre was established. Its aim is to promote direct private investment and market the country as a conducive investment location. ZIC has been given the legislative power to approve projects with a foreign share under US\$ 40 million, without reference to other government committees. ZIC opened a branch office in Bulawayo in 1995.

The Zimbabwean government is not only ideologically inspired by Malaysia.¹⁹ Malaysia has also become one of the most active investors in the country. In 1996, a business consortium with Malaysian participation proposed a Z\$ 5 billion investment package for investments in construction, mining and transport activities. Another joint venture company was set up with Malaysian partners for the privatisation of the country's largest power generating plant. In 1996 the Industrial Development Corporation signed a US\$ 1.5 billion joint-venture agreement with the Sungeiway Group of Companies of Malaysia for the development of an industrial service park in Harare with a surface area of 20 sq. km., intended to attract both local and foreign investors involved in medium to high-tech industries.

2.2.3 Urban and regional policy

Zimbabwe does not have an explicit urban policy, or a mid- or long-term national physical policy. The government Five Year Plans make proposals for investments but do not identify their physical location.

In the 1970s/80s the government adhered to the so-called Growth Point policy. This was a regional policy whereby a number of small towns throughout the country were selected to obtain some selective government investments (offices, clinics, etc.). It was expected that growth would then follow. This policy, which has not been very successful, is now gradually being abandoned. One of the growth points, Ntabazinduna Growth Point, is located some 35 km. from Bulawayo. It does not offer much competition to Bulawayo in attracting business activity.

Since 1995 this regional policy has been refined, and has been connected to investment policy. The concept of Export Processing Zones was embraced. In 1994 a study team visited Mauritius and Kenya where such EPZs had already been established. The emphasis in assigning EPZs has been placed on border towns such as Beitbridge, Plumtree and Mutare or close to airports. However, the EPZ

¹⁹ President Mugabe is known to be an admirer of the Malaysian 'home-grown' economic growth strategy

concept is not only to be viewed in geographical terms. Companies, or groups of companies can also apply for EPZ status. Beneficiaries are entitled to attractive tax incentives. The major one is a five year tax holiday, and a corporate tax rate of 15 %; exemptions from customs duties, capital gains taxes and withholding taxes. In the EPZ current labour legislation is non-applicable. A condition for obtaining EPZ status is that a business must export 80 % of its production.

Critics claim that Zimbabwe is too late with this policy. A national newspaper stated that '... 200 EPZs have already been established in 70 countries during the 1990s, including 25 African countries. When Madagascar in the 1980s tried to cash in on the success of Mauritius a decade earlier, it failed to attract substantial interest.'²⁰ Experts also claim that using cheap labour as an incentive for investors under EPZ is no longer a viable option for Zimbabwe, following a shift to high skills and high value added products by economies with already established EPZs. Based on experiences elsewhere there would be no basis for putting too much faith in the capacity of EPZs to create jobs.²¹

When the central government requested the establishment of an EPZ in Bulawayo, the City Council informed the Ministry of Finance it wanted more detail '... before jumping on uncertain concepts'²² In mid 1996 the Deputy Minister of Industry and Commerce visited Bulawayo and addressed Councillors and business managers. Subsequently, the City Council had a meeting with a number of business organisations. The Town Planning section was asked to include the concept into planning. A Local Plan no. 10 was prepared for an EPZ site of 189 ha. near the airport at 5 km. from the city centre. The logic of interpreting EPZ as a geographic concept is that in this way common services can be provided, for instance checking, customs, etc. But EPZ-status businesses would also be allowed to locate outside of the zone. In the meantime 8 individual private companies in Bulawayo have applied for EPZ status to the Ministry of Finance, among them a former Netherlands based footwear industry.²³

2.2.4 Regional co-operation and the role of South-Africa

Zimbabwe is one of the 10 members of the regional economic community SADC, founded in 1992. The members have agreed to form a free trade zone in 8 years as part of a movement towards economic integration. Since its entrance in 1994 South Africa by far dominates this economic community. On the one hand, SADC trade increased from US\$ 1.4 billion in 1991 to 3 billion in 1995. However, of this amount 68 % is export from South-Africa to the other countries.²⁴ In 1995 exports from Zimbabwe to South Africa were around Z\$ 2 billion whereas imports from South Africa were almost Z\$ 9 billion²⁵, making it Zimbabwe's most important trade partner.

The textiles and clothing sector are particularly hard hit by the competition from South Africa. For a long time South Africa has been the big political friend and

²⁰ Entrepreneurs, vol. 1 no. 6, 1996, p. 20

²¹ Zimbabwe Independent, September 1996.

²² Chronicle, June 1996

²³ information obtained through interviews

²⁴ Zimbabwe Independent, September 1996

²⁵ CSO, quarterly digest of statistics

economically of Zimbabwe. However, this positive image is rapidly turning into a picture of an economic aggressor. Some SADC members accuse South Africa of flooding their markets with its goods, while escaping tariff barriers to imports. South Africa is even accused of effecting the de-industrialisation of Zimbabwe.

In 1992 the bilateral trade agreement with South Africa from 1964 expired. The South African government all of a sudden imposed high tariff barriers, including tariffs of up to 90 % on textiles and garments from Zimbabwe. At the same time, the South African government was said to be providing unfair subsidies to exporting enterprises. After a long series of negotiations, an easing of the tariffs was ratified in 1996 (a reduction to 14-30%).

Also the devaluation of the South African currency led to great losses of income for Zimbabwean enterprises. Some companies stopped exporting to South Africa at all and try to access European markets instead. However, access to that market is only guaranteed for just two years under the Lomé convention.

2.2.5 Deregulation policy

As part of the deregulation policy under the economic reform programme, in 1995 the Deregulation Project Team was created by the Ministry of Local Government. This body was tasked to examine the laws, regulations, municipal bye-laws and statutory instruments that appeared to be an impediment to the emergence and growth of private sector activity, in particular small scale enterprises. The Project Team forwards their suggestions for legal changes to an inter-ministerial Deregulation Committee, created in 1992, and consisting of permanent secretaries of different Ministries. This Committee submits proposals for changes in the legal framework to the Cabinet. The Project Team has produced a number of solid reports with recommendations on themes such as obstacles for access to finance, constraints imposed by the tax system and physical planning and the provision of workspace to small scale enterprises.

It is difficult to assess the impact of the work of the Deregulation Project Team and Committee. Key staff of the Project Team stated²⁶ that quite a number of recent political statements and law proposals can be attributed to their work. As tangible results he mentioned the new drive of the Ministry of LGRUD towards a system of more strategic urban planning, allowing mixed land-use in residential areas, allowing the private sector to subdivide in industrial estates, and relaxing rules for operating back-yard industries. A main weakness of the Project Team is that many of its recommendations are directed at Local Authorities whereas the Team is not directly in contact with Local Authorities itself, and cannot assess for instance the political acceptability of their proposals at the local level.

By the end of 1996 a proposal for a second phase (till 2000) of the Deregulation Project Team was submitted to the Minister of LGRUD, not only aiming to patch up the gaps left by phase one but also paying more attention to the monitoring and implementation of the proposals, as well as assisting implementing agencies. This might partially overcome the earlier mentioned weakness.

²⁶ personal interview

2.2.6 Employment and poverty policy

This section describes the employment and poverty oriented activities implemented by various Ministries in Bulawayo. Particular attention will be paid to the Social Dimensions Programme of the Ministry of Public Service, Labour and Social Welfare.

Social Dimensions Programme

The Government of Zimbabwe launched the Social Dimensions of Adjustment programme in 1991. Its aim was to cushion vulnerable groups against the initial negative impacts of the economic structural adjustment programme, particularly frictional unemployment, cost recovery measures and the removal of subsidies²⁷. The programme effectively started in 1992 with the establishment of the Social Development Fund (SDF) which is jointly financed by the GOZ and the African Development Bank.

The SDF started out with two components:

- 1) the Social Welfare component, and
- 2) the Employment and Training programme (ETP).

Social Welfare Component

This component has three schemes:

education assistance: payment of school fees of families earning less than 400 Z\$ p.m. or of retrenched workers or unemployed;

food security: direct subsidies to the poor who can no longer afford to pay the new food prices that have been brought about by price decontrol and removal of subsidies;

health assistance: this scheme, which aimed to subsidise health costs for vulnerable groups, never came off the ground.

A critical evaluation in 1993 showed that the Social Welfare component of the SDF had not been very successful. The education assistance scheme only reached about 20 % of its target population, whereas for the food security scheme this figure was only about 3 %²⁸.

Different constraints were found to have caused this low rate of success, the major ones being:

- i) the high (opportunity) cost of application compared to the benefits received; ii) application procedures and processing are time-consuming and too centralised; iii) the targeting system was very burdensome for the local Departments of Social Welfare, whereas no extra budget or staff was allocated for this new assignment; iv) lack of standardised, written instructions on selection criteria and proper procedures for local staff.

²⁷ in 1994 health and education expenditures in Zimbabwe had dropped to their 1980 levels

²⁸ Kaseke, 1993

Employment and Training Programme

This programme was set up to cater for retrenched workers from both the private and public sectors, and for the disabled. The objective is to train and reorient these people so they can become self-employed in the informal and small-enterprise sectors.

Prospective participants are registered for training by the Ministry. Private sector business consultants are engaged to run a one-week crash training (25 people per class) on 'how to start and run a business'. After the training, the same business consultants are re-engaged to assist the trainees in project identification, preparation and appraisal. Only a well appraised project document will be submitted to the Harare based SDF Co-ordination Unit for loan financing on soft terms. After that, the proposal is sent to the Loans and Grants Allocation Committee, which is an inter-ministerial committee. The rejection rate of proposals is low.

The maximum loanable amount is Z\$ 120,000. The loan attracts an interest rate of 10 % per annum payable up to a maximum of ten years with a grace period of up to a maximum of twelve months. Applicants are required to contribute at least 10 % of the project cost. No collateral security is required.

In May 1996 the programme had trained 12,946 retrenched workers and 435 disabled people. A total of 2,000 projects had been approved worth about Z\$ 160 million.²⁹

Results of the programme in Bulawayo

In Bulawayo the programme has been administered since 1992 by the Department of Employment and Employment Development under the Ministry of Public Service, Labour and Social Welfare. The Department is usually notified of pending retrenchments in companies and subsequently forms a Retrenchment Guiding Counselling Committee that visits the company and informs employees. At the outset of the programme, retrenched workers would be offered a plot of land in a resettlement area, but due to scarcity of land this option was cancelled. A second option is to apply for a micro-project under the SDF.

In May 1996 in Bulawayo 1,893 persons had been trained, of whom 151 (12.5 %) obtained a loan. Most of the new enterprises were in the following categories: commuter omnibuses, grinding mills, welding workshop, poultry and cattle raising, market gardening. So many proposals for mini-buses and grinding mills were forwarded in Harare and Bulawayo that proposals for these activities were no longer accepted. A considerable number of retrenched workers returned to the rural areas to establish their business. Ideally some 45 days should pass between being retrenched and getting a loan. But in practice this is more like 6 to 12 months.

Weaknesses of the programme

Supply orientation. The strongest criticism is the supply-oriented nature of the programme. As a result, many applicants would not seriously choose a project but rather see the loan as a gift from the Government they were entitled to, whereby a project proposal was just a way of getting the money. Added to this is a lack of

²⁹ GOZ, 1996

accountability of the consultants in the case of a project failing, leading to a lack of seriousness. As a result, repayment rates are low.³⁰

Lack of follow-up, monitoring and evaluation. The above problem is compounded as there has been little follow-up and after-care to the 1,000s of people who got loans to start their businesses. Only 2 monitoring and evaluation officers are supposed to follow-up on 1,900 projects in 10 provinces.³¹ Only in 1996 was a training workshop on monitoring organised for project officers..

Philosophy of the programme. The critical idea of the programme is to make retrenched workers self-employed. However, it appears that not all retrenched are business-inclined as many prefer to work in the informal sector or return to the rural areas without bothering to register with the programme. The main question is to what extent people who have been employees all their lives, and told what to do, can all of a sudden be transformed into dynamic indigenous entrepreneurs.

Lack of local involvement. The programme is very much 'owned' by the Ministry in Harare, and has been insufficiently discussed at the level of the local offices. One gets the impression that the responsibility for implementing the SDP has merely been imposed on the lower levels, without their involvement in the design. Furthermore, there is very little to no relation with other local actors, such as the City Council or local NGO's.

The Poverty Alleviation Action Plan (PAAP)

Partly as a response to the flaws in the programme, the GOZ formulated a new comprehensive *Poverty Alleviation Action Plan (PAAP)*, which was formally launched early 1995. It receives assistance from the ILO. The PAAP programme is different from the previous programme, in a number of ways:

institutional set-up: the SDF will be transformed into a semi-autonomous organisation operating directly under the Ministry of Public Service, Labour and Social Welfare. The idea is to also organise a Consultative Assembly, including all relevant actors, which will meet twice a year.

decentralisation of programme implementation: the role of the government in the implementation of the PAAP will be enabling. Actual implementation will be left to NGOs, CBOs and the private sector, with a stronger role for lower tiers of government also.

focus and target group: whereas SDF activities were targeted to retrenched workers, the PAAP is intended to be more holistic and to better target assistance to the poor. Key words are targeting of social expenditures, empowerment of communities and a participatory approach to poverty alleviation. The programme will consist of 3 components: 1) community development; 2) micro-enterprise development; 3) monitoring of poverty and strategic planning.

The approach of the micro-enterprise component will be entirely different from the ETP programme. In 1995 a consultant from Bangladesh (with Grameen Bank experience³²) recommended that the delivery of the programme should be

³⁰ ibid

³¹ Chronicle November 1996

³² the Grameen Bank operates a very successful system of providing micro finance to low income groups

delegated to NGOs. The programme will now be fully channelled through reputable financial institutions, who are all successfully serving the micro-enterprise sector and experienced in handling donor finance. Loans will be against market interest rates, topped up with a fee for training and risk. Initially the following 5 NGOs will be used to on-lend funds to borrowers; 1) AFC (Agricultural Finance Corporation); 2) SEDCO (Small Enterprise Development Corporation); 3) SWIFT (Zimbabwe Women's Financial Trust); 4) Zambuko Trust; 5) ZECLOV; a church organisation.

The PAAP includes an NGO capacity building programme to enable more NGOs and church organisations to be included in the on-lending programme. All institutions will provide pre-lending training to their clients, as well as monitoring of the business. Beneficiaries are requested to pay for training. The SDF will be a revolving fund.

The PAAP seems to be a more structural effort to alleviate poverty than the short-term measures under the SDF. The objective to decentralise implementation to the private and community sector might increase its impact whereas the implementation modality of the micro-enterprise component looks very promising.

A drawback of the programme is its very comprehensive nature. Some 39 initiatives are brought together under 5 programme areas, to be implemented within 5 years. Considering the difficulties in implementing the previous programme, and the relative weakness of NGOs and CBOs in Zimbabwe, one can doubt seriously whether PAAP is not too ambitious a programme. In fact, the take-off of PAAP has been rather slow. Whereas implementation activities were scheduled to start in 1995, it was only by the end of 1996 that the programme was about to take off. Whereas the involvement of local actors is a main objective of the programme, by the end of 1996 most local actors - including the City Council - had not been informed of the contents and proposals of the programme.

Ministry of Public Service, Labour and Social Welfare, Department of Employment and Employment Development

Apart from administering the SDF programme, the Bulawayo based office is also responsible for guiding job-seekers, in particular school leavers. Annually the Department advises some 240 school leavers, for instance on opportunities for self-employment. The Department sees its role more as 'employment promotion' whereas the Ministry of National Affairs, Employment Creation and Co-operatives would be more involved in 'employment creation'. There is not much co-ordination of activities with the City Council or with local NGOs, in spite of recognised possible benefits.

Ministry of National Affairs, Employment Creation and Co-operatives

Department of Employment Creation

With a staff strength of 7 for the entire Bulawayo district the impact of this Department is limited too. The Department has a number of activities in the areas of micro-credit, training and information exchange.

The loan scheme, aimed at backyard industries, supplied 10 businesses with a 12 % interest loan (max. 30,000 Z\$ per loan) in 1995. Beneficiaries are selected

through the Ministry's extension officers, or through local MPs. The Department operates two training courses (with ILO assistance); 1) Start Your Business scheme, which ran for the first time late 1996, and 2) Improve Your Business scheme, which has reached 40 beneficiaries so far. The extension officers also function as 'information brokers' for financial institutions such as SEDCO.

The Department is considering initiating a business incubators scheme, and link the training and funding component to them. However, international funding sources for this initiative are still being identified.

The same 7 staff members are also responsible for a Community Development programme, which includes guidance to school-leavers, out-of-school income generating projects, and community income-generating projects through small grants. However, the number of businesses/projects funded in 1995 is less than ten. The Department recognises its difficult position in Bulawayo. Whereas in the rural areas the Ministry is an important development agent, and liaises well with the Rural District Committees, in Bulawayo the City Council is the main point of reference for the population. This tends to create inefficiency and duplication of activities. No structural co-ordination takes place with the City Council regarding employment and poverty issues. The Department was not aware of the contents of the PAAP programme.

Co-operatives Department

This body is the custodian of the Co-operatives Formation Act. It promotes, identifies and monitors co-operatives in the district. In 1995 some 15 production co-operatives were established in the area of manufacturing (electronics, cosmetics, brick moulding) and retail (supermarket). Also housing and savings and credit co-operatives are promoted.

2.3 Economic development in Bulawayo

2.3.1 Economic development in Bulawayo

For many decades, Bulawayo has been known as the industrial hub of Zimbabwe. Its economy has been steadily growing until the early 1990s. Particular growth was experienced in the 1940s/50s, during and shortly after the second World War. In 1953 the city's population size even exceeded that of Harare. During the economic boycott in the 1960s/70s, and the ensuing import substitution policies, the local economy also received a significant boost. Finally, by the end of the 1980s the local economy experienced an unprecedented boom due to the signing of the Unity peace Accord (1987) and the consequent stabilisation of security in the region.

Most of the country's largest industrial operations are traditionally located in Bulawayo, some as old as the city itself. In 1990 Bulawayo was estimated to be responsible for about 25 to 30 % of GDP. The most important manufacturing sectors - in terms of average number of employees - were in 1993³³:

³³ Census of Industrial Production 1993/1994. More recent figures are not available.

Food products	12.6 %
Textiles	13.8 %
Clothing and footwear	16.8 %
Metal products and machinery	13.4 %
Basic metal industry	10.5 %

The city has always been the citadel of the textile industry with 5 of the 8 largest textile manufacturers based here, such as Merspin, Cotton Printers, Security Mill. Also the engineering industry has traditionally been strong. Bulawayo 's economic base has a relatively strong export orientation. Most of the larger and medium sized industries in Bulawayo are owned by the white minority. The Indian community is less involved in industry and has substantial commercial and property interests.

2.3.2 Recent economic restructuring

Around 1991/1992 a period of economic decline set in. Altogether it is estimated that the city's position in national industrial output declined from 32 % in 1979 to 25 % in 1995.

In some of the big textile and clothing factories massive retrenchments took place. For instance, in 1995 Merlin - which produces towels for the entire Southern African market - laid off 1,000 workers. Also the Bulawayo Clothing Factory and National Blankets laid off several hundreds of workers. Contextiles, one of the biggest textile companies, closed down altogether. In October 1996 the big G&D shoes factory was placed under judicial management. Also several textile factories were placed under provisional liquidation, such as Merlin textiles, Zeco, and Security Mills. Some of these companies were delisted from the stock exchange.

The textile and clothing sector has been most severely hit by the economic crisis, as already indicated in figure 2.1. Since the inception of the crisis more than 10,000 textile and clothing industry workers have already become unemployed due to business failure and retrenchments. This discounts the negative multiplier effects in the rest of the economy. As the textile and clothing industry makes up such a big share of Bulawayo 's economy, it is clear that local impacts have been severe.

Economic restructuring implied opening up the national economy by the removal of duties on imports. Bulawayo 's manufacturers - long protected against imports - found themselves competing against cheaper imports (of better quality), especially from Southern Africa and Asia. The flow of imported goods - legally and illegally - into the city has been quite dramatic..

Typical responses from producers to the described threats and opportunities since 1992 are: increasing the efficiency of production, cutting contracts, changing the range of products; more emphasis on exporting; more packaging and design to remain competitive; improving marketing; decreasing stocks and financial management; decreasing working capital and outright retrenchments of staff. More details on the responses of the manufacturing sector will be provided in the ISS research report.

Exact figures on the economic decline at the city level are hard to obtain. Therefore a number of indicators will be used which are considered good proxies for local development.

Table 2.3 shows the number of development plans submitted to the City Council from 1990/91 to 1993/1994. The table shows a decline in number of plans submitted and their values in Z\$.

Table 2.3 Development plans submitted, and their approximate value, to the Bulawayo City Council from 1990/91 to 1993/1994

	no. of plans submitted				value in million Z\$			
	90/91	91/92	92/93	93/94	90/91	91/92	92/93	93/94
residential	2789	1957	1239	1215	87.6	86.8	50.0	40.7
industrial	162	120	54	24	43.5	43.7	14.0	6.5
commercial	92	69	66	45	16.8	33.5	28.2	6.9
public	43	49	27	23	6.6	9.9	29.6	16.1

Source: DBAA reports

Another proxy for local economic growth is the power supplied by the electricity company (ZESA) to its different sectors of users. Table 2.4 shows that whereas until 1989 consumption of electricity was on the increase, in 1990 it fell as a result of declining industrial output. In 1993 supply was again at the 1988 level.

Table 2.4 Consumption in GWH (= gigawatthours) of electricity in Bulawayo from 1988-1994

1988	89	90	91	92	93	94
945,4	913,3	904,9	896,0	840,5	947,7	1001,7

figures provided by ZESA

2.3.3 Changing composition of the local economy

This section will provide more information on changes in local economic activity, including also non-manufacturing activities. As secondary information on (recent) economic changes at the city level does not exist, this section will only cover the most obvious changes. In doing so, it is primarily based on interviews with local experts, and is complemented by personal observations. Most information is qualitative in nature.

It appears that in spite of the loss in employment through business failures and retrenchments after 1990, in the same period many new jobs were also created. However, the new employment is created in different sectors than the ones where the losses have occurred. In fact a very broad shift in the internal composition of the local economy can be witnessed, with two characteristics:

- a) new economic activities are emerging, in particular in the (commercial) services sector

- b) an increase of informal sector employment is taking place at the cost of formal sector employment.

These two developments will be reviewed in more detail.

- a) new economic activities in the (commercial) services sector

Commercial services: the growth of this sector is linked to the emerging modernisation of the local economy. More than in the past companies subcontract activities which used to be performed in-company. Typical commercial service activities are computer automation companies, modernisation of business space, mailing services, outdoor advertising companies and private telecommunication services.

Personal services: the increase in supply and consumption of these services can be seen as a result of income increases, in particular of the growing black middle class. Personal services include diverse activities such as carpet and window cleaning, hairdressers and beauty saloons, personal insurance, etc.

Tourism: quite a number of new tourist agents and safari operators have emerged over recent years, due to the increased number of tourists and deregulation in the sector. Also the tourist accommodation sector is growing, especially the development of chalets and tourist lodges in Bulawayo 's suburbs. Of course the tourist sector has a lot of spin-off, for instance to the food, transport and curio production sectors.

Security: as a response to the increase of petty criminality and feelings of insecurity that have emerged since the early 1990, the increase of security companies has been impressive. In the early evening one can see groups of security guards in uniforms assembling at the fringes of the city centre, before spreading into the commercial districts and high income areas.

Commuter transport: due to the deregulation in public transport the supply of emergency taxis and commuter omnibuses has greatly increased. Many retrenched bought omnibuses from their terminal benefits.

Restaurants/bars: over recent years there has been a marked increase in the developments of restaurants and bars. In 1995 the City Council received 22 applications for such developments, compared to 6 in 1991. The increase in fast food restaurants is remarkable, with quite a few being part of foreign franchising chains.

Retail: a clear modernisation of the retail sector is taking place, which will be further explained in chapter 6. Especially clothing shops and modern supermarkets/department stores are on the increase. People buy more in the city centre, at the cost of the shops in the residential suburbs.

Money clubs: though this is not a proper economic activity, the sudden popularity of these clubs is remarkable. In 1996 more than 30 pyramid-chain money clubs had emerged in Bulawayo and newspapers were full of ads for clubs with appealing names such as Club Millionaire, Jackpot, Money Maker, promising people golden mountains. Participating in these clubs became a real rage among the population, explained by some as a result of the lack of access to institutional finance of the indigenous population.

Finally, a lot of new economic activities are emerging in the rural areas surrounding Bulawayo. For many businesses Bulawayo is the administrative basis because of the ease of communication. One example is the so far under-exploited timber-related activities. Also horticulture and other agro-based activities are doing well. Ostrich rearing - for the European market - is one such recent profitable activity.

Bloch and Robertson (1995) explain why so many indigenous businesses are emerging in the commercial and service sector, and so few in manufacturing. Among the reasons mentioned are a fear of risk, a lack of skills, and reluctance to move into the individualistic business culture of the whites - as compared to the traditional family/kin-based economic activities.

b) formal versus informal employment

Table 2.5 Number of formal employees in Bulawayo 1990-1996 (x 1,000)

<i>years</i>	<i>formal employees</i>
1990	152.7
1991	156.2
1992	153.1
1993	152.5
1994	155.6
1995	146.1
1996 (first quarter)	142.9

Source: Quarterly Digest of Statistics, CSO

The above figures show that over the last years the city's formal employment has declined in absolute terms. This has to be compared to the city's population increasing from about 600,000 to 850,000 in the same period. It has to be concluded that the traditional mainstream economy is no longer in a position to absorb the growing army of school leavers. A lot of young people seek employment in South Africa.³⁴ However, it is reasonable to expect that the majority of those not having access to formal employment take refuge in the informal sector. Reliable figures on the informal sector in Bulawayo are not available, or are outdated. It is fairly safe to say that at least 40 % of the economically active population is at present engaged in the informal sector.

In 1991 a study was carried out on the informal sector by USAID (Gemini study). At that time some 70 % of informal enterprises were found to be in the manufacturing sector, and only some 21 % in trade. In a second study in 1993 this had changed to 65 % and 28 % respectively. It is to be expected that this figure has by now shifted dramatically in favour of petty trade. This is obviously related to the relatively few entry requirements of this sector. Competition has been particularly strong in the informal sale of clothing. Many people embarked on the import of (second hand) clothes from Mozambique³⁵ or other African countries. This decreased slightly when the Government introduced a 75 % customs duty on imported second hand clothes to prevent the local market from being overflowed. This measure was only partially effective.

³⁴ this short-term labour migration is known as border-jumping

³⁵ ironically, most of these clothes are donated by Western countries

The informal sector is not only increasing in an absolute sense, but seems to be modernising too. Businesses like an open air hairdresser using a generator (brought from South Africa), or an informal fitness studio under a tree, can now be seen in the townships.

2.3.4 Poverty in Bulawayo

In 1995 a Poverty Assessment Study was carried out by the Ministry of Public Service, Labour and Social Welfare, under the Social Dimensions Programme. Table 2.5 depicts some of the findings for Bulawayo.

Table 2.6 Some data on poverty in Bulawayo, compared to total urban and national averages

	Very poor %	Poor %	Non-poor %	Total no. of households
Bulawayo	23	21	55	1,590
Total urban	25	21	54	7,319
National	46	16	38	18,798

Source: GOZ, 1996 b.

The household survey also included questions on the factors that can be used to identify poor households. In Bulawayo shortage of food was mentioned by 74 % of the respondents, followed by shortage of clothes, poor accommodation and inability to send children to school by 8 %, 5 % and 4 % of the respondents respectively. When asked for solutions to overcome poverty, employment creation was mentioned by 38 %. Increases in salaries and provision of support funds are the second and third preferences at 14 % and 13 % respectively.

Obviously, the economic reform programme has contributed significantly to falling real incomes and increasing poverty. This is basically caused by unemployment, increased cost recovery measures for health and education and the removal of subsidies for food and basic services. Higher taxes and high inflation further erode the purchasing power of the low income population.

Compared to many other African cities poverty is not yet very visible in Bulawayo. The city has no big squatter settlements and virtually everybody has access to basic services. Nevertheless, local opinion leaders state that Bulawayo's levels of poverty, homelessness and unemployment have reached alarming proportions. The number of destitute people (street kids, vagrants, homeless) would be between 1,000 and 2,000 persons. A group of marginalised people are residing near the railway station where they have set up semi-permanent structures. Previously they were sleeping on the pavement at night. A small informal settlement has emerged on the garbage dump in Cowdray Park. Finally, small communities of 'pavement dwellers' have occupied a number of undeveloped stands on the fringes of the city centre where they have built shacks and operate paper and bottle collection businesses. The City Council basically tolerates these small communities.

Support to the urban poor is provided by local NGOs, such as the Bulawayo Welfare Society and the Combined Churches Mobile Soup Kitchen. The latter feeds 200 street vagrants every night at the railway station. Some NGOs receive

grants from the City Council. The City Council itself undertakes some quite effective activities through its Community Services section, though limited in scope.

2.4 Conclusions

This chapter has provided an overview of economic conditions in Zimbabwe, and in Bulawayo in particular. It also highlighted selected aspects of the national policy framework which have been influential for local development in Bulawayo.

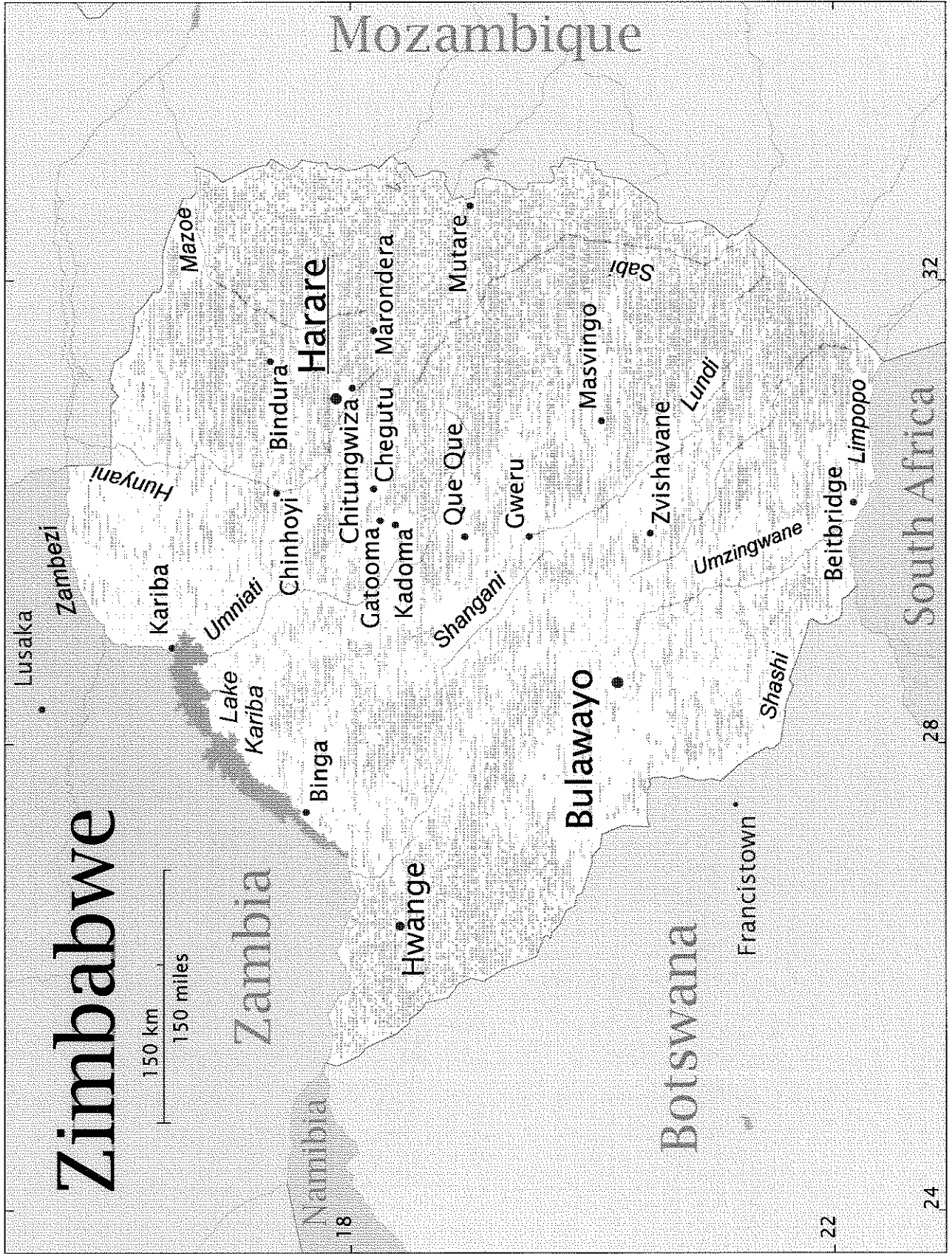
The post-1991 economic reform policy has aimed to stimulate investments and market-led economic growth. Many enterprises and households have not been able to substantially benefit from the more enabling business environment and were hard hit by high inflation, interest rates and increasing competition. Economic reform has caused hardship and decreasing living standards and unemployment for a sizeable share of the urban population.

Some of the traditional manufacturing sectors of Bulawayo's economy have been especially negatively affected, such as the textiles and clothing sector. Apart from restructuring processes within the manufacturing sector, two economic trends were identified in the city: a) the emergence of new economic activities, in particular in the services sector; and b) an increase in informal employment. Unfortunately, conclusive data on these two phenomena are not yet available. The city receives little direct support from the national government (social safety net) for its urban poor. The Social Dimensions programme, which was introduced to cushion the effects of the economic reform programme, has been of limited success. Its successor, the PAAP programme, is still to take off.

The micro and small scale economic sector is now recognised to be the only realistic source of new jobs in the country, but a firm public policy and financial resources to support that belief are not yet forthcoming. Progress is being made in the field of deregulation of constraining legislation for the small enterprise sector, via the Deregulation Team. However, a more active involvement for local authorities in the preparation and implementation of policy change is needed.

Zimbabwe

150 km
150 miles



22

24

28

32

3 The city of Bulawayo and its local government

This first part of this chapter will introduce the city of Bulawayo, and its political-historical context. Subsequently, a profile of Bulawayo City Council will be drawn, including the organisation and performance of the City Council and selected aspects of financial management. Finally, an overview is provided of the most important urban services and assets, which together constitute the productive environment of the city.

3.1 The city of Bulawayo

3.1.1 Overview of Bulawayo

Bulawayo, located at some 440 km. from Harare, is the capital of the Matabeleland North province. After Harare it is the largest of the 22 urban settlements of Zimbabwe. The city covers 45,790 hectares. Bulawayo is the most important manufacturing centre of Zimbabwe and it is the headquarters of the national railway system. It is also a major administrative, commercial and educational centre. The city is strategically located and has very good rail and road access to Botswana, South Africa, Namibia and Zambia. Bulawayo is located in a region which is drought prone but which has considerable mineral and tourist resources, especially natural parks. Though Matabeleland is not an impressive agricultural region, it has valuable hardwood forests.

Most visitors to Bulawayo, especially those familiar with other chaotic and bustling African cities, will be impressed by the orderly and quiet atmosphere of the city. Despite considerable physical expansion, the city still maintains its unique character, and is clean, environmentally conscious, friendly, and well designed. Bulawayo's city centre is not (yet) jammed with traffic, streets are tidy, all residential neighbourhoods are well planned, street sellers are scarce beyond the inner city, and no major illegal settlements exist.

According to 1992 - the most recent - census data the city has a population of 621,742. Of this population 96 % is of African origin and 4 % of non-African origin (whites and Asians). As in entire Zimbabwe, the white minority controls the largest part of the property and productive assets in the city. Most inhabitants of Bulawayo belong to the Ndebele ethnic group - the second in size in the country after the Shona ethnic group.

The official census figure of 621,742 has been challenged as far too low by the local government and civic society. Some claim that this figure should rather be one million. This debate is understandable as the number of inhabitants influences for instance the government grants obtained by the city. The most realistic figure seems to be 850,000 inhabitants in 1995.³⁶

Table 3.1 Population growth of Bulawayo 1970- 1995³⁷

<i>year</i>	<i>population</i>
1970	251,000
1975	339,700
1980	431,686
1985	535,800
1992	621,742
1995	850,000

The rapid population growth over recent decades was caused by urban-rural migration, as a result of rural poverty and scarcity of land. In Bulawayo this has been exacerbated by an influx of refugees during the pre-independence bush war, and the recurrence of drought conditions in the province in the 1980/90s. The present estimated population growth per year in the city is 5 %. If this trend continues by the year 2000 Bulawayo's population will be around 1.1 million.

As a result of the doctrine of racial segregation in planning, applied in the colonial era, the high density areas (low income areas) - also called townships - are strictly separated from the medium and low density areas (high income areas). Plot sizes in the low-density areas average 2-5 hectares whereas the minimum plot size in the high-density areas is 150 m². Virtually all high-density housing is sponsored by the City Council. Since independence many black families have moved into the medium-density areas. Still, a huge contrast is to be noticed between the luxury in the former white residential areas, and the densely populated townships.

The high density areas are primarily located in the western part of the city and the low density areas in the southern, eastern and northern part of the city (see map 3.2). Most low income earners residing in the high density areas work in the industrial areas which are also to the west and south of the CBD. In the 1950s/60s the colonial government built extensive high-density neighbourhoods for the indigenous population working in the new factories. Initially, only single black

³⁶ figure used by SWECO, 1996

³⁷ figures in the table are obtained from SWECO, 1996, census data from CSO and Pasteur, 1992

males were allowed to work and reside in the city. After independence women and children joined their husbands. As the government-sponsored housing schemes have not been able to keep up with urban growth, the townships became severely overcrowded.

3.1.2 Bulawayo's political/historical context

Bulawayo, traditionally named 'the city of Kings' was founded by Lobengula, King of the Ndebele tribe in 1870. In the 1880s the British South African Company (BSAC) of Cecil Rhodes founded Rhodesia, as a piece of Rhodes' aspired British empire 'from the Cape to Cairo'. Under the authority of the BSAC (1889-1923) roads and railways were constructed, mines opened up and the 1930 Land Apportionment Act reserved half of the land for the 50,000 white colonists. Bulawayo became a colonial town under the leadership of Cecil Rhodes in 1894. It obtained town status in 1894 and city status in 1943.

The second world war was a considerable boost to the South-Rhodesian economy. Competition from Europe dwindled and British and American investors sought access to the colony. British immigrants came in their thousands, and enabled the establishment of an extensive industry of consumption goods. This was a period of prosperity for Bulawayo.

In 1956 the Rhodesian Front government, headed by Ian Smith, proclaimed one-sided independence from Great Britain under a white minority government. As international sanctions followed, only South Africa remained as export market. The fifties also brought the emergence of a militant, black-nationalistic movement, striving for general suffrage and independence. This movement, with leaders such as Robert Mugabe and Joshua Nkomo, was prohibited in 1959. In the 1960s this movement split up into ZAPU, with a majority of the members belonging to the Ndebele ethnic group of Matabeleland, and ZANU, with the majority belonging to the Shona ethnic group with its headquarters in Harare.

In the liberation war (1966-1980) an estimated 35,000 people died. Under pressure from London and Washington in 1976 discussions were initiated between the Smith regime and ZAPU and ZANU (together they constituted the Patriotic Front - PF). In 1980 these discussions resulted in the so-called Lancaster House Accord. After the agreement the loose PF coalition fell apart. ZANU entered the elections as ZANU-PF and ZAPU kept the name PF. ZANU-PF obtained the absolute majority of votes. In 1980 Zimbabwe became independent with Mugabe as prime minister, and Nkomo as minister. After the liberation struggle relations between the two parties rapidly deteriorated. A faction within the PF started to rebel and the threat of a civil war again appeared. The government sent a special army unit to Matabeleland to end the revolt. Some 2,000 civilians are estimated to have died in the struggle, killed by dissidents and the government army.

The army's actions were a traumatic experience for the Ndebele of Matabeleland. It reminded them of the struggle under Smith and strengthened their feeling that independence only benefited the Shona. Only in 1988, after long negotiations, did the parties come to a solution and decide to merge under the name ZANU-PF. The dissidents obtained amnesty and the still existing one-party state was formed.

3.2 Bulawayo Local Government

Si Ye Pambili - Let Us Go Forward - is the motto of Bulawayo City Council. In a recent newspaper announcement the City Council profiled itself as '... one of Southern Africa's most forward-looking local authorities'. Pretentious as this may sound, within Zimbabwe, and even beyond, Bulawayo is praised as a well-planned and well-administered city. Bulawayo is also recognised as one of most forward looking cities in the development of low cost housing. In the past the city was the first to initiate home ownership schemes, a planned programme of water supply, educational facilities, etc.

The government of Zimbabwe is organised on the concept of a unitary state. Central government ministries are sectorially organised and territorially divided into head offices (in Harare) and provincial or district offices. Unlike in the rural areas, where the central government implements most of the development activities, there is virtually no central government field administration operating in Bulawayo. The Ministries that have offices in Bulawayo mainly serve the Matabeleland North and South provinces. In Bulawayo the City Council is the main regulator and development agent. Traditionally, local governments have had considerable responsibility and autonomy in Zimbabwe. This was somewhat reduced in the eighties due to centralist tendencies. In 1995 the Urban Councils Act was adjusted to provide Urban Councils with more space to manoeuvre. The City Council responds to the Ministry of Local Government, Rural and Urban. Relations between the two levels are in general quite good.

3.2.1 Institutional structure/capacity of Bulawayo

Political organisation

The political wing of Bulawayo Local Authority, the City Council, is chaired by the Mayor and consists of 5 standing committees. The City Council is elected and has 24 councillors, one for each of the 24 wards. The 5 committees are listed below.

- *the Executive Committee*: which is operationally closely linked to the Town Clerks department. This committee was introduced in 1995.
- *the Finance and Development Committee*
- *the Town Lands and Planning Committee*: which operates closely with the Town Planning Branch.
- *the Environmental Management, Engineering Services and Water Committee*
- *the Health, Housing and Education Committee*

In 1995 the system of ceremonial mayors was abolished and executive mayors were introduced. Unlike previously, these executive mayors are full time council employees and are responsible for all Council affairs. They are directly elected by the city's residents. The first executive mayor was elected early 1996. The 1995 changes in the Urban Councils Act also stipulated that the executive mayor will be assisted by an Executive Committee comprising the Mayor (chairman), the deputy Mayor (vice chairman) and the chairmen and vice chairmen of all other standing committees. This committee can be seen as a kind of political management team.

Furthermore, urban local authorities were required to set up a Finance and Development Committee, to replace the earlier Finance Committee. This new committee is expected to play a more development oriented role, for instance in the area of deregulation. In practice there still seems to be some uncertainty on the exact role of this Committee. Finally, the Council has obtained more political authority. Whereas in the past most council resolutions had to be approved by the Minister of LGRUD, now only the yearly budget needs to be submitted for approval. Appointments or dismissals of senior staff are again in municipal hands.

Executive organisation

Bulawayo City Council's administrative wing is headed by a Town Clerk. Under the new Urban Councils Act, the Town Clerk, previously considered as one among equals, is the most senior council employee to whom all other heads of departments report. This change gives him adequate control over heads of departments, including disciplinary authority over them and their staff. Bulawayo's Town Clerk, who has been in charge since 1984, has contributed a lot to the positive image of the city.

The administrative wing consists of 5 departments.

- *Town Clerk's Department*: sub-divided in five sections: Committees, Legal, Training, Personnel and Work Studies;
- *Engineering Services Department*: sub-divided in four sections; Water, Roads, Town Planning and Administration;
- *City Treasurer's Department*: sub-divided into eight sections; Administration, Revenue, Expenditures, Electronic Data Processing, Internal Audit, Stores, Housing and Valuation;
- *Health Services Department*: sub-divided into three sections; Personal Health Services, Environmental Health Services and Administration;
- *Housing and Community Services Department*: sub-divided into four sections; Housing and Administration, Liquor Undertaking, Community Services and Building and Amenities.

Commercialisation

Traditionally, Zimbabwean local authorities have had considerable municipal commercial undertakings. For example, Bulawayo City Council has since 1913 been involved in liquor production and selling in order to control illegal brewing and selling.³⁸ Since the early nineties, however, a process of commercialisation has been initiated. This process was on the one hand induced by central government pressure, in line with deregulation policy under ESAP. On the other hand within the City Council the need was felt to modernise the bureaucratic structure of the undertakings, thereby expecting to generate more income. In 1995 the liquor and farm undertakings were commercialised, turning them into independent units under the Council but outside the departmental structure with their own board of directors and run as business undertakings.

³⁸ Bulawayo City Council used to have a monopoly in distribution and sale of alcoholic beverage in high-density areas, installed in the colonial days, which was only lifted a few years ago

In 1995 the urban local authorities jointly commissioned a feasibility study on privatisation and commercialisation by a consultant. In Bulawayo, current models such as sale of municipal services, contracting out to the private sector or the establishment of Council-owned companies have not - yet - been applied. In 1996 the commercialisation of a number of municipal services were discussed, including security services, roads maintenance, refuse collection, cleaning, etc.

Management

For co-ordination and management purposes within the City Council, two inter-departmental bodies have been set up. The first one is the Project Team, an inter-departmental team which is chaired by the Town Clerk and consists of all heads of departments. A second co-ordination platform is the Senior Officers meeting, comprising all department and section heads. Several Council officials expressed the view that the Project Team is too much focused on day-to-day management issues, paying insufficient attention to more strategic concerns. A need was expressed for more discussion on long-term and city-wide issues, such as: (i) integration of the initiatives and projects of different departments; (ii) prioritisation and better targeting of the city's key-problems; (iii) the relation between location of housing - working in planning; (iv) environmental concerns.

Staff/ culture

Bulawayo City Council employs approximately 6,000 employees. The most sizeable departments with more than 1,000 workers are Health Services and Housing and Community Services. The smallest one is the Town Clerk's department.

In general, the City Council has been able to maintain a stable and productive workforce, as is the case in most Zimbabwean urban councils. The phenomena of ghost-workers and the subordination of Council work to private side-jobs are not common. Reasons cited for this are (i) local authority salaries are still relatively competitive and adequate; (ii) there is generally no direct central government interference in appointment of staff; (iii) urban local authorities have full authority to hire and fire staff; (iv) a relatively limited incidence of corruption.³⁹

In certain sectors staffing problems exist. In the first place staff shortages exist because of limited municipal revenues and an associated hiring stop. In addition salaries increasingly lag behind those of the private sector, resulting in a brain-drain.⁴⁰ To counter this, under the 1995 Urban Councils Act the employment conditions for higher managerial staff have further improved. Pasteur (1992) states that political interference in the management of civic affairs in Bulawayo has been remarkably limited and that party politics has been kept 'at arm's length'. Indeed, the relationship between councillors and officers is relatively harmonious.⁴¹

³⁹ Mutizwa-Mangiza, 1992

⁴⁰ for instance, in the Engineering Services Department in 1996 three donor financed ex-patriates were needed to cover staff shortages. Many competent engineers are reported to leave Bulawayo City Council after a bond period.

⁴¹ party politics did substantially affect the 1995 mayoral election process. The first round of elections were even nullified by the High Court due to irregularities in the nomination process. In 1996 a law was passed that independent Councillors - so not affiliated to ZANU - were no longer allowed to chair the Council's standing committees.

Overall, the Council's image is that of a very capable but conservative institution. The fiercest critics assert that Bulawayo City Council is overly preoccupied with law and order and the maintenance of high standards, which would be increasingly inappropriate in view of the rapidly changing economic and social conditions in the city. Even the Minister of LGRUD remarked that if Bulawayo City Council had not been so strict all the time, it would not be so difficult to control development now. The Councillors especially are blamed for having a conservative and wait-and-see attitude.⁴²

Since two years ago a PR officer has been employed, tasked to write speeches, organise civic functions and co-ordinate the city's twinning relations with Aberdeen (U.K) and Cambridge (USA). Bulawayo City Council used to regularly publish a municipal information magazine, which recently became more irregular due to financial problems.

3.2.2 Financial Management

Bulawayo City Council, like all other local authorities in Zimbabwe, has always had a relatively high level of financial autonomy. In spite of a rapidly increasing demand for services, followed by a less rapid increase of resources, the Council has been able to maintain services to a satisfactory level.

Revenue

Bulawayo City Council has a substantial number of revenue sources, the main ones being property rates, water charges, motor vehicle licences and profits from the liquor undertakings. In 1993/94 a revaluation of property was carried out and property rates are stated to be fairly realistic.⁴³ The city has an accurate and updated land register.

Over recent years municipal revenues have dwindled considerably, due to a number of reasons. First, government grants have substantially decreased and presently constitute less than 5 % of total current revenue. The trend has been for the central government to devolve more responsibility for provision of primary health care and education to Bulawayo City Council, without matching extra funding. Decreasing grants for education and health made the introduction of service fees necessary. Whereas the City Council used to receive central grants for low income housing, this has not happened for the past four years. At the same time central government has deprived Bulawayo City Council of a number of profitable revenue sources. In 1987 electricity supply was taken over by a national parastatal, the Zimbabwe Electricity Supply Authority (ZESA). Previously, Bulawayo operated its own electricity supply services in a profitable way. Central government has also imposed a tax of 85 % on gross profit from the municipal liquor undertakings - which are mainly allocated for financing community services. Coupled with increases in commodity prices, a reduction in purchasing power of the dollar through devaluation, and high inflation the City Council's revenues have been considerably eroded. Therefore over the last years Bulawayo City Council had to resort to drastic austerity measures, such as phasing out,

⁴² a recent example is the initiative of a private company to establish kiosks for selling soft-drinks. Initially the idea was opposed by the Council, though when the initiative turned out to be very successful some Councillors lobbied for kiosk in their wards (interview with Bulawayo City Council staff).

⁴³ the previous valuation was made in 1971. As a result of the 1993/94 valuation some property taxes increased by 400 %.

discontinuance or commercialisation of some services, a freeze on most vacancies and an early retirement package. Besides, local taxes and charges had to be notably increased. In general, the yearly increases are politically supported.

Capital investments

For capital expenditures the City Council has to borrow money. To this aim every year it must obtain the necessary borrowing powers (loan sanction) from the Ministry of LGRUD, after advertising this intention in a newspaper and receiving possible citizen objections. The rationale behind this system is that large sums of money for capital investment should not be provided by the community all at once, and the community should not be asked to pay now for something which will benefit the community for many years to come.⁴⁴

There are two types of loans; external and internal loans. External loans require central government approval, and can be public stock issues, general development loans from central government, or loans from the private sector (building societies, pension funds, etc.). Internal loans do not require central government approval and are raised from the Council's own Reserve Funds, such as the Capital Development Fund, the Land Sales Fund, the Renewals Fund, the Housing Revolving Fund, etc. These funds have been accumulated for the specific purpose of financing capital expenditures. These loans must be repaid with interest and in fact, the Council lends itself on a revolving base.⁴⁵ Early 1996 interest rates for government loans (mostly World Bank finance) were 12.75 % whereas rates for private loans were 26 %. Obviously, local authorities prefer government loans, though these have been in short supply over the last years.

To compensate for scarce government loans, the City Council issued municipal bonds in 1992, 1994 and 1996. The 1994 issue raised over 100 million Z\$.⁴⁶ The share of the capital budget to be financed by external loans was 79 %, 82 % and 89 % for the financial years 1993-1994, 1994-1995 and 1996-1997 respectively.

Expenditures

Table 3.2 Expenditures by the Bulawayo City Council for the financial years 1993-1997, in million Z\$.

	1993-1994	1994-1995	1995-1996	1996-1997
US\$ / Z\$*	6.9	8.4	9.3	10.1
% inflation	27.6	22.3	22.5	22**
recurrent operating expenditures	384	448	547	412
<i>budgeted</i> capital expenditures**	235	324	381	340
<i>actual</i> expenditures on capital investments	116	225	154	-
total budgeted expenditures in Z\$	619	772	928	752
total budgeted expenditures in US\$	89.7	91.9	99.8	74.5

* value at the end of the first year

** as submitted to the central government

*** estimate

⁴⁴ Pasteur, 1992

⁴⁵ Mutizwa-Mangiza, 1992, p. 183

⁴⁶ approximately US\$ 12 million

Table 3.2 shows that the real budget has only slightly increased over the years. For the fiscal year 1995/96 it even decreased in absolute terms. The table also shows that the budgeted capital expenditures are substantially higher than the actual expenditures. This is basically due to the shortage of - cheap - government loans. The reluctance to rely on expensive private sector loans instead has resulted in the postponement of many much needed projects in the city. For example, of the 5 new schools budgeted in 1995/1996, only 2 were eventually built. The uncertainty about the allocation of central government loans makes financial projections very difficult.

In 1996 Bulawayo City Council encountered serious cash flow problems. Central government owed the Council more than 58 million Z\$. The rate payers in the city owed the City Council 23 million Z\$ - which is a fairly new phenomenon. As the government was very late in approving the 1996/1997 budget, projected rate-increases had to be postponed. To make things worse, in 1996 central government unilaterally raised interest charges on long term loans for local authorities from 12.75 to 15 %. This suddenly increased Bulawayo City Council's debt by more than 6 million Z\$. This measure was taken in spite of a decrease in commercial lending rates following a 2 % fall of the discount rate.

The budgeting process

In the past Bulawayo City Council basically applied a balance-sheet approach to preparing the annual budget. The demands of the different departments were combined, without prioritisation of expenditures or a more long term view. For the financial year 1996/1997, for the first time a more integrated approach has been applied, including also policy priorities. On this new 'annual corporate budget' the following was said in a Council meeting. *'.. for many years we have only had a fragmented plan to guide the Council. Cuts have often been haphazard and it has been very difficult to assess the Councils' achievements and failures. Besides, the budget did not embrace global aspects of city development. Because resources can no longer meet demands and expectations of our people it is imperative that Council should prioritise the provision of these services and how and where to use available scarce resources.'* The Council has proposed measures to face the financial crisis, consisting of both austerity measures and spending priorities.

The 1996/97 capital budget and investment programme (Z\$ 340 million) includes the following spending priorities.

Priority 1 (129 Z\$) are projects aimed at:

- 1) maintenance and rehabilitation of existing infrastructure, assets and services
- 2) prevention of diseases, pollution, degradation
- 3) investment promotion, through:
 - aggressive marketing of land, water security, energy, telecom, social amenities
 - promoting development of the informal sector
 - involving the private sector in investment promotion
 - designing (and regularly review) attractive investment incentives
 - maintaining a reserve of serviced industrial stands

4) improving/widening the revenue base, through:

- better cost recovery (e.g. legalisation of informal traders, road tolls, health service fees)
- improving the efficiency of commercial undertakings
- establishing more profitable income generating projects
- participating in profit making joint ventures
- educating community leaders and residents on the need to accept their obligations towards payment of services

5) human resource development, through:

- maintaining a small but efficient work force
- rationalising and streamlining structures, procedures and functions
- in-service training for management and staff strengthening
- improving and strengthening communication skills
- improving conditions of service
- increasing staff motivation through exposure and commendations

6) corporate/strategic planning

- establish a unit for corporate strategic planning (technical think tank)
- introduce an effective monitoring and evaluation system
- include environmental impact assessment
- plan for contingencies

Priority 2 (Z\$ 195) are projects which focus on:

1. research

- establishing a research and information network unit
- rationalising engagement of consultancy services

2. completion of on-going projects

- project reports to be submitted monthly
- highlighting resources-allocation and utilisation
- all 95/96 projects to be assessed for completion and reports submitted by 31st March 1996
- mid-year review of all projects to be submitted by November 30

3. community mobilisation

- involving the community in civic matters such as primary health care, self help projects, civic obligations, civic sense of belonging and pride, strengthening residents associations

4. privatisation/commercialisation/contracting out

- a set of criteria should be established by a Research unit and/or Corporate/Strategic Planning unit in the identification of such services.

5. environmental issues

- all major projects must undergo an Environmental Impact Assessment.

Priority 3 (Z\$ 16)

Priority 3 projects are mostly new works, especially those that do not generate income as well as items of plant, machinery and equipment.

3.3 Bulawayo's productive environment/urban services

This section provides a brief overview of the main urban services and productive assets, constituting the city's productive environment. Table 3.3 summarises the responsibilities for running/organising these services and the extent to which the service/assets can be considered as a strength or weakness to the city.

Table 3.3 Responsibilities for, and strengths/weaknesses of, urban services in Bulawayo

service/asset	responsibility	strength/weakness
housing	local government	+
telecom	central government	-
water	central government	-
electricity	central government	+/-
rail/roads	central/local government	+
availability of land	local government	+
air transport	central government	-
labour/education	central/local government	+
financial services	private sector	+
tourism potential	-	+

Housing

Until recently most low-income housing was sponsored by the local government. National standards require that all houses be provided with individual water, electricity and sewerage supply, a situation virtually unique in Africa. In 1992, 96 % of the low-income houses in the city had individual water and sewerborne sewerage supplies. Bulawayo is known as one of most entrepreneurial cities in the development of low-cost housing. Still, by the end of 1996 the Bulawayo City Council's waiting list included 30,000 persons.

The minimum plot size in Bulawayo is 180 m². For a long time Bulawayo refused to use the standard of 150 m² proposed by the Ministry of LGRUD. The most recent Cowdray Park housing scheme is financed by USAID, with dwellings being constructed by a private construction firm, whereas loans are provided by the Zimbabwe-Building Society. The project encompasses 3,000 low income stands in Cowdray Park with a one room unit costing Z\$ 29,000. Though in practice this option is still beyond the capacity of many households, a lot of civic criticism appeared. The scheme is stigmatised as '... a reminder of colonial days and unfit for human habitation'⁴⁷. The category of low cost rental housing has been severely neglected in Zimbabwe, particularly because of the negative historical connotation. After independence 'home-ownership' became a national policy.

Prices for up-market residential property are still far below those in Harare. However, estate agents in Bulawayo have predicted a minimum 20 % real increase in prices over 1996 due to an emerging shortage. Flats within the city and low density vacant land are abundantly available. Overall, rentals for housing in Bulawayo tend to be 50 % below their equivalent Harare levels.

Transport

Bulawayo is very well served by rail and road. Being close to both Botswana and South Africa the city serves as a transit point for international goods traffic as well as tourist flows. The city has a radial road network and ring roads which allow for inter-suburban linkages. Traffic congestion is as yet not a serious problem in Bulawayo.

Airport

Air connections are not particularly well developed in Bulawayo. The airport is small and though endowed with most facilities, it lacks comfort and appeal. In 1996 the daily South African Airways flight to Johannesburg was discontinued, in favour of Victoria Falls. Since then, Bulawayo is no longer serviced by any direct international flight, and all foreign travellers have to reach the city via Harare. In 1996 the number of daily flights to/from Harare was also reduced from 4 to 3 due to capacity problems of Air Zimbabwe.

For some time an Air Committee - based on local civic initiative - has been discussing and lobbying for improvement of the airport. The business community claims the city should have more international flights to take advantage of the tourism boom in the region. One valuable suggestion has been to let international flights, such as those of British Airways, continue to Bulawayo after Harare.

Tourism potential

The peace and political stability that have prevailed since the end of the eighties have resulted in a dramatic increase in tourists who visit Zimbabwe. Tourism receipts as % of GDP increased from 2.6 % in 1990 and 4.6 % in 1995 to 6 % in 1996. Bulawayo is an ideal stop-over for tourists visiting the various tourist attractions such as the Victoria Falls or the nearby Matopos Hills or Khami ruins or the many nature and game parks in the country. The city is also one of the few with a lot of colonial architecture still intact. However, the number of visitor-days

⁴⁷ Chronicle, 12/4/96

in the city is still far below its potential. A weakness is that tourists in general do not stay in the city for long. A lot of opportunities exist for creating more spin-off of tourism for the local economy, in the sphere of accommodation, facilities, entertainment. The City Council doesn't have a particular policy for tourism promotion.

Education/labour force

Bulawayo is generally known as having a disciplined workforce and a big pool of relatively skilled manpower. Also the low level of unionisation - contrary to for instance South Africa- is considered an advantage for attracting potential investors to the city. A clear weakness is the absence of a reliable data-base on manpower and employment. A public labour exchange facility at the city level is inexistent.

Bulawayo has several institutions of higher education, among them the National University of Science and Technology (NUST). NUST was established in 1991 and is the second university in Zimbabwe. NUST has a good reputation with the business sector and graduates of NUST are in general favoured by employers over those of the Harare based University of Zimbabwe. Education appears to be well aligned to the needs of manufacturers in the city.

In 1990 a start was made with the construction of a new campus, located 6.5 km. to the east of the city centre. NUST will contain Faculties of Applied Sciences, Environmental Sciences, Industrial Technologies and Engineering, Arts/Education, Architecture and Quantity Surveying, Communication and Information and Commerce. The founding of NUST university is very much the result of lobbying by the Bulawayo business community. A new technical University in the heart of Zimbabwe's industrial zone was seen as a critical element for industrial growth. However, the magnitude of funding costs and the delays in disbursement of funds by the government are retarding the speed at which NUST can become fully operational. In order to assist the initiative the local business community embarked on a major Z\$ 100 million fund raising campaign.

Financial and business services

Bulawayo's reputation as an industrial and commercial centre, with good supportive facilities and institutions, is strong. The financial sector is quite well developed. Major banks and financial institutions have branches in the city.

Water

A more detailed account of the water situation in the city will be provided in chapter 6. Suffice to say that since the early nineties the city has suffered from a shortage of water, which has negatively affected business activity. In 1995 the capacity of the dam-system was still down to only 6 % of its capacity and water for households and businesses in the city is still rationed. Enterprises desiring a review of their water rationing are visited by a special Committee of the City Council to inspect the premises and establish the need. A lot of debate is taking place locally on whether water rationing should be lifted or maintained. In addition to rationing, the City Council has established a successful water recycling programme and the reclaimed water is for watering parks, institution gardens, etc.

Electricity

The electrification rate in Bulawayo is very high. Some 96 % of households are connected, compared to 65 % for Harare. Power is provided by the national parastatal ZESA. For the last few years ZESA has been operated in a more business-like way. ZESA has sufficient capacity to serve the city for the next 20 years. ZESA claims it is able to connect any new client within 30 days, though in practice it may take about 6 months.⁴⁸ Co-ordination between the City Council and ZESA offers scope for improvement.

Telecom services

Telecom services are provided by the parastatal PTC and are considered as a big bottleneck for business activity all over the country. In 1996 there were only 1.5 phones per 100 inhabitants in Zimbabwe. According to the World Development Report 1995, only 3 countries in the world scored worse than Zimbabwe in terms of faults. Moreover, it can take years to obtain a new telephone line. By the end of 1996 cellular phone facilities had not yet been introduced in Bulawayo. Internet providers so far only operate from Harare.

The telecom system is in urgent need of modernisation and the PTC does not seem to possess the resources needed for this gigantic task. In spite of this, the Government has made it clear it has no intention to privatise the PTC. Though the very poor telephone system is a bottleneck for economic productivity in the entire country, the impact of this is even more damaging in Bulawayo. As Bulawayo is not a capital city, it has an extensive need to be able to communicate with Harare.

3.4 Conclusions

With a population of 850,000, and considerable physical expansion, Bulawayo has maintained a pleasant atmosphere and organised appearance. Strengths of the city are its strategic location and good connections, its well planned fabric, with good infrastructure, (still) limited congestion and a relatively high standard of living. As local authorities in Zimbabwe have considerable autonomy most of the responsibility for local development rests with the Bulawayo City Council. The City Council is in general characterised as a competent and efficient, though somewhat conservative, institution. Staff and management are in general motivated, though austerity measures may negatively affect the already critical staff capacity. Major organisational adjustments have been made in the political wing of the City Council, enabled by the 1995 Urban Councils Act modification. This has facilitated a more developmental role for local governments. In the executive organisation, few adjustments have been made, in spite of the changing nature and increasing complexity of Council's work.

The City Council has a high degree of financial autonomy. It draws its revenues from a variety of sources, many of which, however, have considerably decreased of late. This includes the appropriation of profitable income sources by central government. At the same time the Council's responsibilities for service provision have expanded. In spite of an increasing population and urgent need for economic and social investments, the municipal budget has virtually stagnated over the last

⁴⁸ interview with representant of Zimbabwe Investment Centre

years. Due to the limited availability of government loans - the most attractive source of investment capital for local governments - much needed capital investments have been drastically cut. In 1996 for the first time an annual integrated budget was prepared, reflecting more strategic and city-wide concerns and indicating policy and investment priorities of the Council.

In terms of urban services and productive assets, Bulawayo is fairly well equipped for economic growth. Most productive services are adequate, with minor exceptions. Transport connections are good, excluding air connections. Housing supply - in a national perspective - is reasonable. Both low and high skilled labour is abundant and Bulawayo has major higher education institutes, in particular the Technical University. Electricity provision is reasonable in terms of capacity though less in terms of service. Financial and commercial services are good. Bulawayo has a lot of untapped tourism potential which can provide future income and employment for the city. The two main weaknesses are telecommunications and water supply. The first one is a national problem, though its impact on Bulawayo, as a secondary city, is particularly forceful. The water rationing and lack of a secure, permanent solution to the city's water problem can be considered as a bottleneck for local investment opportunities.

4 Local Economic Development and Planning in Bulawayo

In the first part of this chapter an overview will be presented of the various policy instruments employed by the City Council in order to promote investments, jobs and income in the city. These instruments are organised in a number of categories. The second part of the chapter will focus on the organisation and achievements of urban planning. Special attention will be paid to ascertaining how far (physical) planning has been responsive to local economic concerns.

4.1 Local Economic Development

Promotion of local economic development is not a statutory responsibility in Zimbabwe. The Urban Councils Act does not explicitly indicate local councils' responsibility for stimulating jobs or investments. However, particularly since the economic decline of recent years, a concern for these issues is shared among both political and executive staff. A number of policy instruments are being applied as a consequence of this concern.

4.1.1 Institutional arrangements/public private collaboration

The Development Forum

The Development Forum was established as a brainchild of the former Mayor of Bulawayo in the aftermath of the Earth Summit in Rio de Janeiro in 1992. During the conference, Agenda 21 was adopted, which tasked local authorities to consider an action plan for sustainable development. This required the setting up of local structures to develop such a plan.

The Mayor wanted to broaden the scope of issues to be tackled under locally organised working groups, beyond environmental issues. Following the drought of 1992 private investments in the city were showing a serious downward trend, and this needed an urgent response. The Mayor launched the idea to create a 'think tank', composed of selected personalities representing the central government, local authority, private sector, pressure groups and civic organisations, in order to discuss measures to resuscitate the fortunes of the city. This marked the birth of the Development Forum

Initially the Forum had three sub-committees: a) a social-cultural sub-committee; b) a political-national sub-committee and; c) an economic-industrial development sub-committee. The life of the first two sub-committees was short. Here only the progress in the economic-industrial sub-committee will be reviewed. From now on this committee will be called the Development Forum⁴⁹.

The Terms of Reference for the Forum were developed by an independent local economist and were approved in the first meeting in September 1994. In short, it included the following objectives:

- to discuss lobby activities at national level to achieve more decentralisation, in particular financially;
- to examine national and local laws and identify bottlenecks for private sector development;⁵⁰
- to encourage active interaction between local leadership and residents to facilitate exchange of ideas and identification of needs;
- to pursue the issue of the 1992 national census, the outcome of which was considered incorrect and very negative for the city;
- to develop adequate resources to promote local economic development, and in particular make a proposal for incentives to be offered by the City Council.

In the end, all proposals were to be tabled to the City Council. However, the Forum was to be an independent autonomous body in which the Council would be represented as one of the members only. Unfortunately, by 1996 little measurable success had been achieved by the Forum. Since its formation it had only met a few times and the only tangible result was the promotion of the Council's investment incentives package (see chapter 4.1.2). People involved in the initiative forwarded the following reasons for this lack of success.

- a) the Forum did not have clear guidelines, nor legal status. Its role was to issue comments and advice to the City Council, which always had the last word. Neither did the Forum have staff or financial resources to work with, e.g. for carrying out studies, or interacting with trade missions;
- b) the Development Forum has been accused of being too much 'local government driven'. This would have diminished the interest and commitment of other civic organisations. Participating organisations did not send their 'heavy weights' to meetings and an organisation like the Chamber of Commerce did not even participate at all;
- c) the start of the Forum was in the aftermath of the drought problems, when sentimental attachment to the city was high and civic unity was strong. As the water situation became less critical, momentum was lost;
- d) the preparations for the 1995/96 local and national parliamentary elections contributed a lot to its 'natural death'. Most of the Forum's members were somehow involved in the election preparation process;

⁴⁹ the names 'Committee for the Development of Bulawayo' and 'Development Forum' are often interchanged in practice. The name Development Forum is preferred in this paper to avoid confusion with the Council's Finance and Development Committee.

⁵⁰ at that moment the national Deregulation Committee had not yet actively started its work

- e) the initiative was very 'personality driven' by the former Mayor and after he left office, the momentum of the initiative was lost. Though the former Mayor won the primary elections, due to party-political troubles he did not become the first Executive Mayor. Advisors had told the Mayor to limit membership of the Forum to direct economic stakeholders. However, it seems that political pressure led to a much wider representation. Unfortunately, some the participants pursued their own (sectoral) interests rather than the overall interests of the city;

In mid 1996 Bulawayo's first Executive Mayor decided to resuscitate the Development Forum. He proposed a partly different membership of 20 persons and stressed his commitment to make the Forum a real platform for debate. In the second half of 1996 the Forum met twice. The chairman is the Mayor and the vice-chairman is an independent, local economist. The Council's Economic Development Officer is the secretary and focal point. The other members include the Chamber of Commerce, Confederation of Zimbabwean Industries, AAG and IBDC⁵¹. Only real stakeholders in the local economy have been invited. Six working committees have been established. For each working committee external members can also be co-opted to broaden the available expertise. The objectives of the committees are a mix of 'old' and new concerns.

1. fund raising committee. Funds will be raised, particularly from the local business sector, for the operational costs of the Forum, such as participating in trade conventions abroad;
2. relocation of industries committee. This group will explore opportunities to attract firms that want to leave their high-wage countries in search of lower production costs;
3. investment incentives and deregulation of Council bye-laws committee. This group will monitor the Council incentives and bye-laws from a private sector point of view and propose changes;
4. promotional materials committee;
5. demographic committee. This group pursues the idea of carrying out an alternative local census, and the implementation of sectoral studies on for instance education and the labour market, transport, the financial sector, etc.;
6. air-services committee. Proposals will be forwarded for giving Bulawayo's airport international status, at the same time promoting regional tourism.

Only time will tell whether the revived Forum will be more successful than its predecessor. Its agenda is quite ambitious though it appears that its working committees tackle issues that are really essential for the local economy.

Economic development officer

Until 1995 the responsibility for economic development and investment promotion was not particularly defined within the City Council. This was gradually perceived as a constraint, especially when economic conditions deteriorated around 1992. The idea to appoint a special person for investment promotion in the city emerged out of the Development Forum discussions.

⁵¹ more information on these organisations will be provided in chapter 6

Mid 1995 an advertisement was placed in local and national newspapers for the position of Economic Development Officer (EDO). The candidate should have experience in the private sector and possess a Master's degree in economics. However, few qualified persons applied. This lack of interest can be attributed to the modest salary offered for a function which requested high qualifications. In May 1996 a second advertisement was placed, this time mentioning that '... this is a senior and highly strategic position' and '... the salary package, which has recently been improved ...'. From these statements it can be concluded that the City Council learnt from their previous mistake and this time took a professional approach to attracting good candidates. Mid 1996 a new EDO was appointed. The new officer is an economist originating from Bulawayo, who served for the last 10 years in a senior position in the Ministry of Industry and Technology. He also has experience as a manager and consultant in the private sector.

The main responsibility of the EDO is to promote the revitalisation of Bulawayo, through a number of specific actions. These are to:

- a) act as a 'one-stop centre' for investors and provide them with all necessary information and assistance. This includes speeding up approval procedures and assist in getting access to water, electricity, telecom services, etc.
- b) administer the investment incentives package (see next section);
- c) work on the promotion and marketing of the city, for instance through visiting foreign embassies, or contacting foreign business delegations coming to Zimbabwe.

Unfortunately, it is too early to say anything meaningful on the impact of the EDO's work.

4.1.2 Investment incentives/ investment promotion

Fiscal policy

In 1994 an inter-Departmental team was tasked by the Town Clerk to prepare a report on opportunities for investment incentives. This was in response to a proposal of the Development Forum. The resulting incentives package was launched in 1995.

The measures intend to cover two types of economic activity:

1. incentives which target small and medium scale enterprises (SMEs). The City Council differentiates between small and medium sized enterprises using the following criteria: a) small scale businesses employ 1-20 persons whereas medium scale enterprises employ between 21-50 persons; b) a capital investment ceiling of Z\$ 200,000 for small enterprises, and anything above that for medium scale enterprises.
2. incentives for larger (local, joint-venture or foreign) enterprises establishing or expanding in the city.

The extent to which an enterprise qualifies for the incentives is reportedly determined on a case by case basis, using criteria such as number of employees,

size of the investment, the market orientation of the project - with priority for export-oriented businesses - and the people pioneering the project.

Incentives for small and medium sized enterprises (SMEs)

Incentives on land

- a. land is made available on negotiable long term leases with option to purchase;
- b. land price are discounted on the basis of employment potential in the medium and long term. The discount will increase from 50 % to 100 % of the land value for enterprises employing from 20 to 50 persons respectively. When the entrepreneur has benefited from factory shells, the discount will be somewhat reduced.
- c. only serviced land should be availed to small and medium enterprises since they have no resources for servicing on their own;

Rebates on Rates

Payments of rates during the gestation period (in between 2 and 5 years) will be negotiable. Thereafter, rates will be reduced by 20 % for 3 years for those entrepreneurs employing 20 persons, up to 50 % for 5 years for those with more than 50 staff. For those who will have benefited from factory shells, a slightly lower discount will be given.

Rebates on Water

Similar to the rebates on rates. However, they will apply during the construction period and will be scrapped altogether during periods of water rationing.

Development Costs

- a. factory shells will be provided for 'start-ups' with an initial period of 3 years on reduced rentals after which commercial rentals shall be charged. Shells are basically incubator factory premises with some common facilities. The entrepreneurs in the shells are given a specified time period within which to develop and move out to their own premises.
- b. building plan fees are to be halved from the current 0.01 % of estimated cost of the proposed development to 0.005 %.
- c. The Council is to liaise with such organisations as the PTC and ZESA to facilitate urgent attention to the provision of essential services to developers.

Incentives for expanding and newly establishing other industries

Rebates on land

- a. land should be available on a lease basis or outright purchase;
- b. land prices are discounted on the basis of capital invested. Developers investing anything below Z\$ 3 million on serviced land will be given 10 % discount on the purchase price, the discount gradually increasing to 80 % on investments above Z\$ 7.5 million.

- c. for those developers opting to acquire unserviced land, there will be a discount of between 20 % to 90 % for developments ranging from Z\$ 3 million to over 7.5 Z\$ million.

Rebates on rates

Incentives on property taxes will range from 10 % for a period of 3 years for any development between Z\$ 3.1 million to Z\$ 5 million rising to 50 % for 5 years for development exceeding Z\$ 20 million.

Water tariffs

Discounts on water tariffs range from 10 % for 3 years for development amounting to Z\$ 3.1 million to Z\$ 5 million with an upper limit of 20 % for 5 years on developments exceeding Z\$ 20 million. Rebates will not apply during times of water rationing.

Results of the fiscal policy

Unfortunately, little monitoring of the fiscal policy has taken place. It is not known how many enterprises have benefited so far. Hence, it is impossible to assess whether the incentives offered were responding to a real need and what their impact has been so far. As to the indigenous entrepreneurs, incentives are only provided to entrepreneurs with at least 20 employees. The smaller businesses are able to benefit from subsidised land prices through the ME land and the service-industrial stands. How far micro entrepreneurs are also able to benefit from other incentives (rates, water, etc.) is not known. It is also unclear whether the incentives have really been a critical factor in attracting businesses to locate in Bulawayo. The mentioned factory shells had not yet been provided in 1996.

Some representants of the business community and the City Council expressed their limited confidence in the effectiveness of the investment incentives for attracting businesses to the city. In the first place the incentives package has not been widely publicised. Secondly, incentives would be less far-reaching than those offered by other cities in Zimbabwe offer. In addition, incentives would hardly help in overcoming the image problems of Bulawayo, which is considered as the main obstacle for attracting investors.

The introduction of rebates on land prices have aroused a lot of debate in the City Council. Some Councillors heavily opposed the measure arguing that this would lead to an erosion of one of the main sources of revenue, leaving the Council with dwindling funds for purchasing and servicing land for future development. Indeed, in a sense these incentives are contradictory to the City Council's stated wish to generate more funds through the sale of land.⁵²

⁵² interview with the City Valuer

The Zimbabwe Investment Centre

In 1995 a branch office the Zimbabwe Investment Centre (ZIC) was established in Bulawayo. The objective of this body, which falls under the Ministry of Finance, is to act as a single window clearance agency for direct private investment, as well as to promote the country to (foreign) investors. The first ZIC, in Harare, became operational in 1992. In the meantime a number of ZIC offices have been established in various cities. The attraction of a decentralised office to Bulawayo has been partly the result of the lobbying of local business people, in order to counter the trend that for most foreign investors Harare was their first and only stop. The ZIC works closely together with Bulawayo City Council in streamlining approvals for foreign investments in the city. Ideally ZIC refers prospective investors to the EDO.

Though the presence of ZIC in Bulawayo is certainly important to the attraction more investments, its importance for the city should not be overestimated. The ZIC office covers the two Matabeleland provinces, and does not explicitly target the city of Bulawayo. Besides, ZIC is essentially accountable to the central government and as such its concern is to promote and acquire investments in the country, rather than explicitly to the city of Bulawayo. It is therefore unlikely to use a competitive approach with for instance Harare or other cities.

The Finance and Development Committee

In 1996 the Finance and Development Committee was installed. The responsibility of this new standing Council Committee is to spearhead economic development, among other things. The establishment of such a Committee was in the first place requested in the new 1995 Urban Councils Act, but according to Council officials its establishment was also a response to a locally perceived need. The other standing Committees were found to offer little space for discussing development related issues in the city. With the introduction of the new Committee the procedure for investment approvals was also streamlined.

When the Council receives an application for a large new investment, the Mayor will call for a special meeting of the Finance and Development Committee (other Council Committees only meet once a month). The Committee has the authority to approve the project in principle, so that the prospective investor can already set the development process in motion. However, final approval still has to be given in the full Council meeting. In the past, first approval from different departments had to be sought, and the approval had to pass through three different Council Committees. The development would also have to go through a tender procedure, including newspaper advertising. Altogether it would take several months before approval would be given.

Tendering and development approval procedures

Of late, a flexibilisation of the tender system has also been proposed. The Urban Councils Act states that all sale or lease of land in the city has to go through a lengthy open tender process. Hence, when a local businessman wanted to establish a new filling station in the city, he was told by the City Council to wait for a tender for filling stations to be put out. Nowadays it is increasingly recognised within the City Council that this procedure has deterred investments in the past. An internal memo proposed a policy of being more receptive to development proposals,

mentioning that '*... the tender policy should not be allowed to hamper initiatives from genuine and capable developers to negotiate with council for land to carry-out development whose funds and other resources have suddenly become available*'.

Various officers interviewed showed a clear concern for improving internal procedural efficiency. Though steps in this direction are being made, as shown above, a lot of complaints were still heard - within and outside of the City Council - on the existing red tape and lengthy approval procedures. For instance, a company that received approval for establishing itself in the Belmont Office Industrial Park in 1996, made its first application in September 1993. Illustrative are also the results of a study reviewing applications for establishing a bottle-store in the city. In this process some 13 institutions were involved, and the lack of co-ordination between institutions and departments in the process was rampant.⁵³ The proposal of the Development Forum to study the Council bye-laws to better adapt them to the needs of the private sector is very timely.

Interestingly, the draft investment incentives prepared by the inter-Departmental committee included a proposal to guarantee to a client that decisions on an application to purchase/lease land would be made within a specified time period, or that a building plans/development permit would be decided upon with a specified period. However, this idea did not emerge in the final investment policy. Possibly Bulawayo City Council felt it would not be able to meet the target dates in time, or possibly it has been difficult to decide on an appropriate sanction. In itself it is an interesting proposal, which is already applied in other countries.⁵⁴

City promotion

Bulawayo has a very active tourist information office, located adjacent to the Town Hall, the Bulawayo and District Publicity Association. This body is partly financed by Bulawayo City Council and also participates in the Development Forum.

In 1994 Bulawayo City Council for the first time produced an information leaflet titled 'Bulawayo: Moving Forward with Development', together with ZIC. The leaflet provides an overview of Bulawayo's productive environment, including the following factors: - land, - labour, - infrastructure, - road and rail, - airport, - power generation, - water supply, - reticulation, - telecom, - investment incentives, - high standard of living, and - social amenities. The brochure places substantial emphasis on the high quality of life in Bulawayo and this reflects the Council's understanding that for attracting inward investment, the broader quality of life, as well as the direct production environment, is increasingly important.

Some promotional activities exist, for example the promotion of the city by individual local businessmen doing business abroad. However, activities such as Bulawayo presenting itself at foreign business fairs or city officials visiting other countries to promote the city are not yet undertaken. A major asset of Bulawayo is the Zimbabwe International Trade Fair (ZITPF), launched in 1960, and one of the premier trade events in the SADC region. Every year it attracts over 260,000

⁵³ unpublished study by PlanAfrique for the Deregulation Committee

⁵⁴ for instance, in the Netherlands planning law stipulates a time frame within which local governments are obliged to approve a building application. If the approval is not processed before the deadline, the permit is automatically granted.

visitors and some 50 nations attend. However, at present the possible spin-off of the ZITPF for the city is insufficiently exploited. Though Bulawayo has a stand at the fair - like many other urban councils - opportunities to convince the gathered international business community on the advantages of investing in Bulawayo are still overlooked.

4.1.3 Informal sector support - street vendors

Traditionally the attitude towards street traders in Zimbabwe has been rather repressive. Local authorities justified their actions by the need for public health, environmental hygiene and the need for order. The measures mentioned in this section are a mixture of a more permissive approach towards vending in the city, while still keeping control of activities. .

People's markets and flea markets

To accommodate vending, the City Council erected selling points with basic services on the fringes of the city and within the residential areas. But those sites are generally allocated to 'destitute cases' who are identified by staff of the Community Services section (municipal welfare officers). Surprisingly, most of these market sites have been virtually abandoned over the last few years and old and new sellers have invaded the nearby pedestrian areas and places near bus-stops. As a rather pragmatic response to this development, Bulawayo City Council has legalised the situation by putting up signs, designating these places People's Markets.

The establishment of flea markets, which is a relatively new concept in Zimbabwe, is also a pragmatic response to the lack of market opportunities in the city centre and the recent proliferation of vending activities. Two types of flea markets can be distinguished. Firstly, private developers have been allowed to set up a few centrally located commercial markets. The stalls of these markets are leased out to vendors. Initially the City Council only allowed the commercial markets to open during weekends but after political pressure this was changed to 7 days a week. Only the more established traders can afford the fees charged for those stalls (Z\$ 35 per day). A second variety of the flea market has come about as an effort to legitimise the various spontaneous informal markets which had emerged over the years throughout the city. One of the sites has even been paved by the City Council. By doing so the City Council is able to charge license fees (15 Z\$ per day) and is better able to control vending activities. The flea market has been perceived as a blessing to some and a curse to the established clothing and footwear concerns. The selling of imported (second hand) clothes and new electrical wares offer stiff competition to the formal commercial outlets.

Meals on wheels

Zimbabwean local governments have always categorically opposed the vending of food on the street. Hawking of foodstuffs under present bye-laws is restricted to fruits and vegetables only, and is strictly enforced, thereby closing off a potentially rich source of informal sector activity. In 1996 for the first time the City Council demonstrated a more flexible attitude by allowing the 'meals on wheels' concept. This refers to the sale of cooked food, which is produced in formal central city business premises and sold from trolleys at various points in the city. Approval

was given for a 6 month test run before entrepreneurs will be allowed to establish such ventures. However, the 14 sites identified for the setting up of meal trolleys have been limited to the industrial areas and particular sites of public gathering, and not yet to the CBD.

Relocation of the central city street vendors

Especially since the early nineties, a strong increase in informal trading has occurred in Bulawayo. Informal vendors came to occupy many of the city centre's pavements in front of the main retail outlets. Vending diversified to goods that had been confined to formal shops till then (automobile spares, household appliances, etc.).

A few months before the April 1995 parliamentary elections, the then Minister of LGRUD called for '... the complete end to the harassment and brutal treatment of the unlicensed vendors trying to make a living in the face of hardship brought about by ESAP'. This Minister was also MP for Bulawayo 's city centre. An unprecedented proliferation of street hawking activities followed the Minister's directive. Now even imported luxury goods such as fans and colour TVs came to be sold from the streets. Even people who in the eighties had their own shops and imported in bulk, went out to sell from the street to avoid rentals. Moreover, many vendors who previously had licences were not renewing their licences anymore; thereby eroding municipal revenues. The formal retail establishments, represented by the Chamber of Commerce, complained fiercely.

By the end of 1995 the new Minister of LGRUD made an effort to tackle the problems that had appeared. A meeting was organised, hosted by the Chamber of Commerce, where hundreds of vendors were present. The Minister summarised the problems experienced by Bulawayo City Council (loss of revenue, public health risks and aesthetic nuisance), by the formal shops (blockage of their doorsteps and intimidation of customers by informal vendors, and 'unfair' competition) and the vendors themselves (desire to make a living, high competition). The vendors were invited to come forward with their problems and to form a representative organisation. Surprisingly, within two weeks the City Council had a meeting with the leader of a newly established vendors' association; the Bulawayo Informal Traders Association (BITA). Observers state that Bulawayo City Council encouraged a local petty businessman to form a new organisation. The new organisation basically consists of a more formal umbrella organisation for the incipient and streetblock-wise organisations - so called area-committees - of vendors that already existed in the city.

Various other meetings were held, chaired by the Minister. In one of the meetings BITA - on behalf of the vendors - came up with a proposal for rationalisation of street vending, including:

- a) concentration of the widely spread vending areas in 29 clearly demarcated zones
- b) creation of specialised product zones to avoid competition
- c) creation of vending bays of an acceptable and economic size (1 by 1.5 m²)

All these proposals were accepted by the City Council except that due to technical/legal problems 29 zones would not be feasible. The vendors had to settle

for 9 zones. Altogether 2,000 bays would be created. It was expected that some 80 % of central city vendors would eventually be included in these sites.

BITA was tasked to organise a survey among the vendors, as a basis for allocation, as it claimed wide membership among the vendors. However, due to the many complaints received from vendors, the City Council eventually undertook an additional registration exercise. At the same time, the City Council started asking central government approval for the operation and Z\$ 200,000 were earmarked in the 1996/1997 budget for implementation of the project. With the zones Bulawayo City Council expects to make fining of vendors outside the designated areas more legitimised and to achieve more peer control by vendors. The municipal initiative is backed by the Minister who in newspapers ordered the arrest of vendors who continue to sell their wares from undesignated spaces.

The City Council announced the following criteria for allocation: (a) a license of 30-90 Z\$ per year is compulsory, depending of the goods sold and a place in the designated area being allocated; (b) all vendors are to sign a 12-months lease subject to cancellation if conditions are not observed; (c) only bona-fide residents of Bulawayo, identified through the vendors associations, will be allocated bays; (d) preference will be given to widows, single mothers and spouses of the unemployed; (e) people employed on commission will not be allowed.

Not all vendors are happy with the proposal. In October this culminated in a protest march in which more than 1,000 vendors participated. Anger focused on the criteria for allocation of bays, such as the price, the size of the bays, and the limited accessibility of the interior bays. In November, the Minister again met the vendors representatives and warned them to stick to the agreement. By the end of the year, the City Council was still in a planning phase in which many practical problems (slow planning approvals, need to plan sanitary facilities, etc.) were encountered.

To gauge the opinions of inner city vendors on this initiative, a small survey was carried out (N=20) in October 1996 among vendors operating from the pavement. Most vendors sold vegetables, fruits, sweets or cigarettes and a few sold manufactured goods (leatherwares, watches, sunglasses). Among the respondents nobody was associated to BITA. Only 2 vendors operated with a licence and 2 persons were commissioned to sell. Of the 20 persons, 7 were not informed about the upcoming relocation of street vendors. None of the vendors had been approached by BITA or other leaders on the upcoming relocation. Most vendors feared that the membership fee and higher rentals might affect their sales. Only 2 persons had a positive attitude towards the proposal, though they expressed fears about obtaining an unfavourable site, for instance tucked away behind other operators. Most vendors had a pragmatic approach towards the relocation, stating that if the City Council wanted them to move, they would have to move. Only 4 persons claimed they will defy any order and stay where they are.

In conclusion, forced by what some call 'political opportunism', civic complaints and the massive evasion of license fees the City Council opted for the organised relocation of inner city vendors. However, maybe the Council has opted for too hasty solutions whereby the target group has been insufficiently involved. This may turn out to be a bottleneck for the success of the initiative. In its search for a solution the City Council has been very strongly led by its desire to '... restore the

city to its former position as one of the cleanest cities in the region'.⁵⁵ It can be questioned if such a wish is realistic in the current economic situation. Some of the uniform allocation criteria and design aspects do not reflect a thorough understanding of present day economic reality.

4.1.4 Community based income generation initiatives

Urban agriculture

In 1996 17,495 hectares - some 38 % of the city's area - was occupied by agriculture-related activities. Of this area, some 60 % (10,365 hectares) is zoned in the Master Plan for agricultural purposes at the fringes of the city. Next to that, some 35 % (6,097 hectares) is occupied by illegal cultivation - mostly maize - or grazing and some 6 % (1,033 hectares) is allocated to citizens for small scale agriculture. It is estimated that at present some 30 % of the households in the city are involved in this sub-sector of the informal economy. Traditionally, urban agriculture had no place in urban land use. However, in the last few years the City Council has started to encourage and accommodate agriculture in the areas which are not zoned as such. Recently agriculture is permitted on the large residential plots after approval from the Council. Besides the City Council allocates two types of plots for agriculture. First, so called garden allotments - small fenced plots close to water sources - are allocated by the Housing and Community Services Department, in liaison with the Town Planning branch, to 'destitute cases'. Second, so called maize field allotments - bigger but temporary plots - are allocated to organised groups on request for a small fee. This is mostly land awaiting further development. Recently the Town Planning branch identified 4 sites (685 hectares in total) to initiate urban agriculture projects, whereby apart from land additional advice and resources will also be provided.

Community based training and income generation

The Community Services section, through a total of 16 field offices, has various programmes aiming to stimulate income generation and vocational skills improvement in the high density areas. For instance, some 350 persons participate in formal skill training courses for school leavers every year, part of which are approved by the National Industrial Council. Unfortunately it is impossible to assess the impact of this training as the training courses are not evaluated. Activities furthermore include income generating activities for handicapped people and assistance to a small number of co-operative production groups. The activities of the Community Services section are widely praised in Bulawayo and waiting lists for the courses are long. The bottleneck for the expansion of the activities is the lack of funding. Most activities are financed from the revenues of the City Council's liquor undertaking. Finally, the City Council frequently provides free land for welfare/income-generation oriented community initiatives.

⁵⁵ statement of the Mayor in response to the vendors' problem - the Chronicle, November 1996

4.1.5 Local economic development in other cities

In order to place the activities of Bulawayo in a comparative perspective, local economic development initiatives in other cities were also briefly reviewed. This included the distribution of a questionnaire to contact persons in a number of Urban and Town Councils in Zimbabwe, with questions on their economic policy, the institutional set-up and the policy instruments applied. Responses were received from Gweru, Mutare, Masvingo, Chitungwiza, Gwanda and Victoria Falls.

As to promotion and promotional materials, most cities have prepared brochures, basically using the same sort of messages. With slogans such as 'Chinhoyi: an oasis for big and small investors', 'Gwanda: the hub for industrial growth', 'Masvingo: no red tape, lots of red carpet', cities try to lure potential investors. The quality and contents of Bulawayo's brochure compares well to the others.

Most cities have identified a contact person for investment promotion, though in few places is an official specially appointed for this task. Most Urban or Town Councils do have some form of collaboration with the private sector, though not as regular and structured as Bulawayo's Development Forum. Most cities are pursuing internal deregulatory measures and have some loose activities to assist the informal sector. Only Gweru reports having an explicit economic development plan. In the other cities such a policy/plan does not exist and activities seem to be quite fragmented.

Most Urban Councils and some Town Councils nowadays seem to have an investment incentives package. Masvingo offers exemptions from rates for 3 years for investments above Z\$ 1.5 million and free water during the construction. Mutare offers land on a deposit of 25 % of the purchase price and the balance payable over a 5-year period, or even longer, and a 3-year grace period on rates for new industrial developments. Chinhoyi offers free unserviced land or a 10 percent deposit for serviced land payable over 10 years. In Gweru incentives are most far-reaching. Free land is offered to investors with a minimum capital investment of Z\$ 250,000. In addition, a 5 years rate free holiday is provided, and an extension of the completion time from 2 to 5 years. Most cities either have factory shells already, or are announcing the provision of factory shells.

4.2 The responsiveness of Urban Planning

4.2.1 The organisation of planning in Bulawayo City Council

Planning in Zimbabwe is regulated by the Regional Town and Country Planning Act, based on the British model of planning law. Since the colonial days there have not been essential changes to this 1976 Act, apart from the removal of some racial aspects.

The body responsible for planning in Bulawayo is the Town Planning branch of the Engineering Services Department. The subordinate role of the - more holistic - planning function in a mainly technically oriented department is clearly a remainder from the past, when a very strong concern for standards and technical

aspects also prevailed in planning. A drawback of this institutional set-up is that Town Planning is not represented in the Projects Team, the inter-departmental 'management team'. On the other hand, the head of the Town Planning branch is the Deputy Director of the Engineering Services Department, thereby recognising his important position.

The Town Planning branch has four units: 1) Development control; 2) Surveying; 3) Estates, and 4) Forward planning. The Forward planning unit is responsible for statutory planning, project development and transport planning and traffic management. The unit employs 4 academic and 6 technical staff.⁵⁶ The Town Planning branch is generally viewed as an adequately organised and managed entity, though it suffers from severe staff constraints.

Over recent years a variety of new problems and challenges have emerged in the city which the City Council needed to respond to. These are issues related to the built environment, as well as wider city development concerns. Examples vary from the sudden emergence of requests for placing advertisement billboards along the roadside, to the need for inner city revitalisation, to the all pervasive problem of the informal vendors in the BCD. Many of those problems have ended up on the desks of the Town Planning branch.

However, it should be questioned whether the branch is appropriately equipped to deal with these difficult, and often multi-disciplinary, questions. This question arises not only because of the experienced staff shortage, but also because the branch does not include a particular organisational arrangement for policy making, or the administration of policy, relating to planning. As a result, difficult questions are frequently responded to with ad-hoc solutions, resolutions, and amendments of bye-laws, and no proper long-term policies in a number of important subject areas are developed.

An illustration of this issue is the difficulties experienced in the planning of a redevelopment project in the CBD. The crux of this project is to turn a major traffic lane into a pedestrian mall. Staff from the Town Planning branch basically conducted land use surveys in the area, as a basis for the design of a Local Plan. Only when the Local Plan is finished, will there be a public hearing, as required by the law. With this approach the City Council has created a climate of antagonism rather than collaboration. Many retailers and property owners opposed the initiative due to fears that it would seriously affect their sales or property values. It might have been more productive to consult the most important stakeholders at an early stage, and incorporate their ideas in the plan. A real estate expert suggested that possibly a more ambitious proposal could have been worked out, in collaboration with the private sector, to really revitalise the area and improve the many deteriorated buildings in the surroundings.

4.2.2 The Bulawayo Master Plan

The Town and Country Planning Act specifies a two-tier type of planning, consisting of (1) Master Plans, which give broad development guidelines, and (2) Local Plans, showing in detail how these policies will be implemented, and focusing on development control aspects. Preparing these plans is the

⁵⁶ mid 1996 two ex-patriates were temporarily added

responsibility of local authorities though Master Plans have to be approved by the Minister of LGRUD.

In 1983 Bulawayo adopted its first Master Plan, as the first local authority in Zimbabwe. This plan has facilitated the orderly development of the city so far. However, this pro-active attitude was unfortunately not kept up, as by the end of 1996 the outdated 1983 Master Plan had not yet been reviewed. This is in spite of the fact that in 1991 the Town Planning branch had announced a 'thorough review' of the plan, and several deadlines have already been set for its finalisation.

The most critical factor for the delay is lack of staff capacity. Of the professional staff in the Town Planning branch most have only a few years of working experience, and lack professional maturity. To surmount this problem, in the 1996/1997 City Council budget Z\$ 400,000 were included for the services of a planning consultant to assist in the finalisation of the plan. It is expected that the revised Master Plan will be rounded off in December 1997.

The 1983 plan, which had a time-perspective till 1995, clearly needs updating due to the changed socio-economic and demographic circumstances in the city. Though the exact form and contents of the new Master Plan are not yet known, senior staff indicated that the plan will be substantially modernised. Some particular policy concerns will be:

- (i) redefinition of the city's planning area and identification of areas outside of the municipal boundaries to cater for future need for land;
- (ii) a review of planning policy responding to deregulation of the economy and subsequent economic changes. This includes planning provisions for economic activities such as urban agriculture and informal sector activity;
- (iii) accommodation of the growing public transport industry;
- (iv) environmentally sustainable development policies;

Senior staff also mentioned that, unlike the previous plan, the plan will pursue: (a) the integration of physical, social, economic and environmental concerns; (b) the plan is to be made more flexible; (c) the plan is to be a document not only for the City Council but also useful for the private sector. On these objectives the following comments can be made.

The 1983 Master Plan is mainly pre-occupied with land-use, infrastructure and transport. Economic concerns are limited to the provision and servicing of industrial stands and the road network to link the stands. A Plan which incorporates economic, social and environmental concerns will be a more useful planning instrument. The objective to make the plan more flexible is certainly a pragmatic response in an era of rapid economic and societal change, and uncertain municipal revenues. Many of the proposals of the present Master Plan do not correspond with the City Council's financial and implementation capacity. Of the five hospitals projected in 1983 so far only one is presently under development. The objective to make the Plan a useful document also for the private sector can be questioned. In practice little discussion with that private sector has taken place so far. None of the economic interest groups in the city mentioned having been involved in the Plan preparation so far. Neither did the Master Plan preparation ever appear on the agenda of the Development Forum. Obviously the impact of the

Master Plan on the city's economic development - and vice versa - is not yet fully recognised.

Preparation of statutory plans has never been a real participatory process. What the law calls 'public participation' is more 'consultation' or opportunity for objection against what has already been decided. Though information about plan preparation and approval is advertised in local newspapers and the Government Gazette, this may reach not all those concerned.

4.2.3 Local Plans

Local plans should translate the Master Plan's broad policies into detailed proposals. Where appropriate, a local plan can make allocations of land rules governing the use of land (type of use, stand coverage, height of buildings, etc.). In principle, local plans offer an opportunity for local authorities to respond quickly to new challenges faced by a city. The facility is used, though not widely, to rezone parts of the city to meet particular needs. Their disadvantage is that they follow the same lengthy procedures like Master Plans, resulting in at least six months before they are completed and approved. The present generation of local plans are very much spatial plans in their form and content.⁵⁷

So far 19 Local Plans have been prepared in Bulawayo, for particular geographical areas such as the industrial areas, particular residential areas, a shopping mall, the inner city, the University, etc. The plans are basically physical plans.

In view of the focus of this study, a short review will be made of Local Plan no. 8 for Industrial Areas Development, which was approved by the Council in 1992. The stated aim of the plan is to provide guidelines and policies for industrial growth in Bulawayo. The Plan looks at the availability of land and physical infrastructure for industrial development, opportunities and constraints for the same, and sets guidelines for zoning, transportation, design and development control.

The Plan in fact lays down - in very broad terms - the present policy of land supply and location for industrial use in the city (see chapter 5). It mentions the need for various types of industrial land, stands for small scale enterprises and business incubators, and their locations. However, it does not include any financial or institutional/implementation proposals. Data on industrial activity in the city are not included.

The Plan is basically a physical plan. It contains two sets of more qualitative proposals. The first one reads '*... Bulawayo City Council encourages the upgrading of industrial operations and the need to set up an Industrial Research and Development Unit/Institute. The unit's objective would be to develop and strengthen an indigenous scientific and technological capability through human resources development, institutions for technology development, information collection and dissemination*'. It is not further clarified who should set up such a unit, neither is the proposal further elaborated.

⁵⁷ Wekwete, 1991

The second proposal reads '*... to attract industrialists to the city, Bulawayo City Council needs to define measures on promotion of industrial development such as reduced rates, special initial allowances and a relatively and competitively low industrial land price structure*'. This recommendation was effectively put in practice two years ago through the development of an investment incentives package (see 4.1).

In conclusion, it is felt that the Plan's objective of providing guidelines and policies for industrial growth in Bulawayo has only been partially met. In essence the Local Plan is a physical plan and a 'control' instrument. The Plan states that '*.. the suggested development strategy will make available 1243 ha's of land to developers, and generate about 50,000 jobs ...*'. This statement can be questioned. The simple release of industrial land and physical control measures will not automatically generate so many jobs without an additional effort to facilitate investments and stimulate business activity.

4.2.4 Planning reform: towards Strategic Planning

Over recent years recognition has occurred at the national as well as local level that present statutory planning instruments are inadequate to guide current urban growth. Most likely incited by the recommendations of the Deregulation Unit and emerging international experience, the Ministry of LGRUD identified the need for local authorities to prepare more Strategic Plans. In 1996 a briefing was organised on this topic for Executive Mayors and Town Clerks of urban councils. In addition, the Ministry funded a three day workshop for key political and executive staff on the concept and methodology of strategic planning, such as identifying problems, goals, objectives, policy indicators, etc.

The idea of a more strategic approach to urban planning has in general been welcomed within the City Council. In November 1996 an interdepartmental committee was tasked to spearhead the discussion and develop an action proposal. The Town Clerk explained to the Council that: '*... a Strategic Corporate Planning approach to urban management is designed to ensure that the policies and actions of Bulawayo City Council are implemented in accordance with an agreed long-term vision. A strategic corporate planning process is therefore an ongoing process which seeks to place the Council in the 'driving seat' rather than being passengers in a vehicle whose destination is not very clear to anyone*'.⁵⁸ In fact, the idea of more strategic planning was not fully new to some senior staff. One of the Department Heads recalled that already in 1993 a similar idea was discussed among executive staff.

In pursuing the idea of strategic planning, a rather pragmatic approach is followed. Instead of starting with a multi-year strategic plan, a choice was made to first start working on a 'corporate budget' for the fiscal year 1996/1997. The proposals and priorities of the 1996/1997 budget are described in chapter 3. With this budget, the City Council has made a first step towards a more integrated and focused planning of expenditures. The establishment of a unit for corporate strategic planning (technical think tank) has been proposed by the Council. Important aspects that still need to be sorted out are internal institutional arrangements and the involvement of the civic sector. It appears that though the idea of strategic

⁵⁸ minutes of Council meeting, April 1996

planning was strongly promoted by the Ministry of LGRUD, little guidance has so far been given to local authorities on how to approach such an exercise.

4.3 Conclusions

Bulawayo City Council uses a variety of policy instruments, some in co-operation with other local actors, in order to promote local investments and generate employment and income for its citizens. This is quite an achievement, especially as these functions are not mandatory by law. A Development Forum acts as a public-private Think Tank for local economic revitalisation. After the failure of a previous initiative, the Forum has recently been revived and prospects for success are more bright this time. In addition, the City Council has appointed an expert to work on investment promotion. Institutional arrangements for local economic development are however limited to investment promotion. The City Council has no consistent economic policy, concern for existing economic activity is limited and the city sorely lacks a proper data base. Though significant steps have been made towards streamlining development approvals, this still needs more efforts. The establishment of a ZIC branch in the city is indispensable, but it is felt that the City Council should not exclusively rely on this body for city promotion, but should be more active. The impact of the investment incentives package on the local economy still has to be determined.

Though the City Council is demonstrating a more flexible attitude towards the informal sector, it would be too much to speak of a genuinely supportive role. In fact, support for the informal sector is still poorly developed and dispersed in the city. With minor exceptions, Council measures oriented at the micro and small scale sector are mainly targeted at the somewhat more consolidated enterprises. This applies for instance to the investment incentives or the provision of small scale business space. From a national perspective, it appears that most Zimbabwean urban authorities have put investment promotion measures in place. Most measures are very similar in nature. Compared to other Urban Councils, Bulawayo performs reasonably well.

Urban planning is presently the responsibility of the Town Planning branch. This body primarily has a physical orientation and solutions for new policy challenges are mainly pursued using a physical approach. The capacity of the branch to deal effectively with broader - multi-disciplinary - policy and project preparation can be questioned. This applies for instance to the ability to liaise with the private sector. Involvement of citizens in planning and project formulation is still insufficiently practised.

The revision of the 1983 Master Plan has incurred considerable delay, mainly due to staff constraints. The new Plan will be much more flexible, of a more integrated nature and is to be more oriented at private sector needs. In spite of these proposed modernisations, it is questionable whether in the present society the available statutory plans - which are mainly land use and development control instruments - are still sufficient to guide the city's development. Possibly they need to be complemented by more strategic, integrated long-term plans on the one hand, and more flexible action-oriented type of plans on the other - emphasising operationalisation aspects. Regarding the first, the City Council recently set in motion a more strategic kind of planning exercise. Results are, however, not yet clear.

5 Land, business space and property

This chapter centres on the provision and availability of space for business activities, as an essential ingredient of the local economic environment. The first section gives a general overview of the planning and provision of industrial land in the city. The second section looks in detail at the City Council's efforts to provide land for the small scale business sector, and reviews some of the results. Finally, the last section briefly analyses developments in the office and retail space market in the city.

5.1 Overview of land for industrial use

Urban land management in Zimbabwe is regulated through the Town and Country Planning Act of 1976 and the Urban Councils Act of 1995. Contrary to all town councils, city councils (also indicated as urban councils) own the land within their boundaries. City councils have the authority to acquire, expropriate, sell, lease, donate and reserve land. In addition, city councils have the power to lay out and service land, or build on such land. A clear urban land policy is still lacking in Zimbabwe and the subject has not yet appeared on the national political agenda.

5.1.1 Inventory of industrial land in Bulawayo

The development of industrial land in Bulawayo has been based mainly on the proposals of the 1983 Master Plan and Local Plan no. 8 on Industrial Areas Development of 1992. Mid-1996 the established and proposed industrial zones of the city occupied approximately 1,432 hectares.⁵⁹ Total reserved industrial land in the 1983 Master Plan was 2,503 hectares.

Table 5.1 shows the details of the land that has been developed, serviced or surveyed for industrial use by area and a number of characteristics of the area. All industrial areas are located in the north-western and the south/south-western part of the city. Also most of the high-density neighborhoods are located to the west of the CBD (see figure in chapter 3).

⁵⁹ statement of Town Clerk during the 1996 annual conference of Zimbabwe Institute for Regional and Urban Planning

5.1.2 Supply of land for industrial use

Two modes of land supply for industrial use can be distinguished. The first one is the provision of serviced or unserviced plots which are sold or leased by the City Council to individual end-users. The second type is the private provision of serviced industrial land.

Supply of land by Bulawayo City Council

The supply of land by the City Council to individual end-users is by far the most common mode of supply. Table 5.1 distinguishes the following categories.

- i) *consolidated areas*; these are the areas which were established in the 1940s-60s. Plot sizes are large, land prices are in general high and depend on the particular location and premises. All plots have been given out and change of ownership nowadays takes place through private exchange.
- ii) *areas developed after 1983*. Since 1983 the City Council has continued to provide and service industrial land for various types of industries, based on proposals in the Master Plan and Local Plan no. 8. From 1983 onwards an average of 12.9 hectares per annum has been developed for various industrial uses. Land has been serviced and provided to particularly target the small and medium scale enterprises and most of the land has been taken up by indigenous business persons. Kelvin North and Luveve industrial areas are typical examples of this policy, which will be later described in more detail.

In 1996 the so-called industrial infills were developed. These are the stands for both light-industrial and service-industrial use created near the city centre and adjacent to established industrial sites such as Thorngrove, Westondale and Belmont. Originally these areas were buffer zones between industrial and residential areas. However, due to the increasing demand for centrally located land the strict zoning has been lifted and conversion from residential to industrial space has been allowed. The sites are very popular due to the opportunity of industrial linkages to the nearby industrial areas. All plots, which average some 1,200 m², were rapidly taken.

In Belmont infill - 3 km. from the city center - the Council planned for the establishment of an Office Industrial Park, the first of its kind in Bulawayo. All eleven stands on this 3,267 m² site have been serviced and demand for the stands is high. The development conditions contain guidelines to make the park a prestigious and attractive environment, to be developed with the best materials and landscaping principles. The land is to be used as storage space, showrooms and offices. Only those operations that are atmospheric pollution and noise free are allowed. For a stand measuring 428 m² the recommended selling price is Z\$513,700 and the minimum building value is at Z\$1,070,250. The price is calculated at a rate of Z\$150 per square metre, which is quite high for Bulawayo standards. On one of the stands a South-African/ Zimbabwean conglomerate established a Z\$ 8 million wholesale complex; a new type of development in Bulawayo. Altogether, the Industrial Park is estimated to cost Z\$ 4 million and to create more than 60 jobs.

Table 5.1. Land development for industrial use in Bulawayo, by area and a number of characteristics of the area¹

Industrial area	no. stands	year allocated	% plots allocated	plot size range	type of industry	developed/undeveloped	serviced/unserviced	surveyed/unsurveyed	price stand per sq.m.
<i>Consolidated areas</i>									
1. Steeldale	80	1940s	100	2,000-8,000	general	developed	serviced	surveyed	(b)
2. Thorngrove (e)	202	1950s	100	2,000-4,000	light	developed	serviced	surveyed	(b)
3. Westondale	51	1960s	100	2,000-4,000	light	partially dev.	serviced	surveyed	\$30-40
4. Belmont	337	1960s	100	4,000-10,000	light/general	developed	serviced	surveyed	(b)
5. Donnington/ Westgate	131	(c)	100	2,000-4,000	warehousing	developed	serviced		
<i>Private land</i>									
6. Daviston	42	1993 (c)	0	2,000-1 ha.	general	undeveloped	serviced	surveyed	(b)
7. Hyde Park C.	47	1993 (c)	0	800-8,000	light/services	developed	serviced	surveyed	(b)
<i>Developed after 1983</i>									
8. Luveve	52	1987	100	512-1,000	light/services	partially dev.	serviced	surveyed	\$12.50-20
9. Kelvin North I	120	1988	100	1,000-2,000	light/ services	partially dev.	serviced	surveyed	\$20-30
10. Kelvin West	111	1988	90	1,000-1.5 ha	general	partially dev.	serviced	surveyed	\$35-40
11. Donnington West	45	1991	56	2,000-1.5 ha	warehousing	undeveloped	serviced	surveyed	\$30-40
12. Thorngrove West	25	1992	100	(b)	light	partially dev.	serviced	surveyed	\$40
13. Kelvin East I	19	1994	100	1,200-4,000	general	undeveloped	unserviced	surveyed	\$20
14. Kelvin North II	55	1995	90	960-1,260	light/services	partially dev.	serviced	surveyed	(b)
15. Infills	52	1996	96	av. 1,200	light/services	partially dev.	serviced	surveyed	\$ 150
<i>Proposed</i>									
16. Kelvin East II	131	n.a.	0	av. 3,000	general/ light	undeveloped	unserviced	partially	n.a.
17. Cowdray Park	288	n.a.	0	400-2,000	light/serviced	undeveloped	unserviced	unsurveyed	n.a.
18. N-W Commonage	383	n.a.	0	2,000- 3 ha.	light/warehouse- sing	undeveloped	unserviced	partially	n.a.

(a) information not available

Data compiled by research team, July 1996

(b) price at time of allocation not available (c) allocated to private developer (not yet to end-users)

¹ this table excludes 'service-industrial-zones' and 'employment-creation-zones'

- iii) *proposed areas*. These are the future industrial areas. Detailed lay-out plans of most proposed industrial areas have been made, and in some surveying is also under way. The total amount of land that has been set apart after 1983 for industrial development is approximately 1,013 hectares. Most of the land is still virgin land and is mainly in the North Western Commonage and Cowdray park areas, in the north-western part of the city. The development of these industrial sites is to provide employment opportunities to the residents of the new residential areas (being) developed in Cowdray Park. The N.W. Commonage area is planned to include a second Office Industrial Park.

Altogether, the land consolidated or being developed or prepared for industrial use mid-1996 was as follows:

Table 5.2 Land developed or prepared for industrial use in Bulawayo in mid-1996

<i>Industrial land reserved in Master Plan</i>	<i>1,013 ha.</i>	<i>100 %</i>
developed, industries established	193.5	19.1 %
serviced or allocated, but not yet developed	64.4	6.3 %
virgin land, surveyed, but not yet serviced	587.0	58.0 %
virgin land, not yet surveyed	168.1	16.6 %

data compiled by research team, July 1996

Private provision of industrial land/space

Private land development for lease/sale is still quite exceptional in Bulawayo. Two sites - Daviston Industrial Area and Hyde Park - have recently been developed by the insurance company Old Mutual with 49 and 47 plots respectively. Both sites are fully serviced for industrial use but are being held for speculative purposes. In the case of Hide Park the owner banked on the recent opening of the South-African economy. However, foreign investors did not appear to be interested and stands are said to be too expensive for local businesses. Not a single stand has been sold yet. Stand sizes vary from 800 to 8,000 m².

In the private industrial land market some thousands of square metres of space are reported to be available for sale. This means that the recent economic decline in the city has not caused a major oversupply of factory space, as has happened in other places. Demand for land is mainly for smaller units of 300-400 metres. As to the lease of industrial space (with premises) the market is more tight. Industrial space available declined from its peak of about 30,000 m² available in 1993 to approximately 6,000 m² in May 1996. Then only 4 industrial units were available for lease in the entire city. Again, there is considerable demand for units ranging from 300-600 m², particularly in the Belmont and Donnington established industrial areas. Real estate specialists anticipate that rents for industrial premises in Bulawayo will rise considerably. At present Bulawayo prices for industrial space, as compared to Harare, are as follows.⁶⁰

⁶⁰ figures derive from the Knight Frank quarterly review of real estate, mid-1996

	<i>Bulawayo</i>	<i>Harare</i>
land value (sale)	80 Z\$ sq.m.	150 Z\$ sq.m.
factory rental	15 Z\$ sq.m.	25 Z\$ sq.m.

5.1.3 Bottlenecks in past/present land development

Table 5.2 showed that the servicing of land has considerably lagged behind projections. Table 5.3 shows that the demand for serviced land systematically exceeds the supply. Most of the requests were for service/industrial and light-industrial use. Part of this mismatch can be explained by the non-availability of plots of the requested size, or in the requested location.

Table 5.3 Demand for and allocation of land for industrial use
by Bulawayo City Council from 1985-1995

<i>Year</i>	<i>no.applications</i>	<i>stands allocated</i>
1985	134	78
1986	127	23
1987	85	34
1988	98	29
1989	105	53
1990	142	68
1991	169	72
1992	204	125
1993	152	83
1994	107	49
1995	125	93

data collected by research team from Bulawayo City Council files, 1996

The following bottlenecks have been cited for the relatively slow rate of industrial land development.

Lack of finance for servicing

The servicing of industrial stands has been slow due to lack of finance, aggravated by the Council's recent cash flow problems. The delay in the development of the Employment Creation Zones (see 6.2.3) is evidence of this. The subsidising of industrial stands for the small scale enterprises or for larger businesses under the investment incentives policy makes cost recovery very difficult. The Council estimates that industrial stands are now generally sold at 50 % of their market value.

Land surveying

The staff shortage in the central level Surveyor-General's office means that it takes two years to subdivide land. Urban Councils are most hit by this inefficiency. Also in the surveying unit of the Town Planning branch qualified staff are lacking. Bulawayo City Council is not keen to give work to private surveyors as they are very expensive. Due to a hiring stop directive, acquiring more staff is nowadays very difficult.

Financial planning

Bulawayo City Council plans the development of land on a year to year basis, linked to the yearly budget. There is no multi-year forward planning for land development. The limited funds received, the late approval of borrowing powers, in combination with inflation and the increasing price of servicing the land, has inhibited land development.

5.1.4 Issues for future land development

As in the past, when large tracts of land were reserved for industrial use, and (large-scale) demand lagged behind due to the unfavourable economic climate, Bulawayo still has a considerable reserve of land for industrial use. Nevertheless, in the revised Master Plan a number of new industrial areas will be identified. These include areas in the south-eastern periphery and in the eastern suburbs - and for the first time not in the western areas. Furthermore, an area of 1,000 ha. will be identified close to the new residential area of Cowdrey Park, which is not yet included within the city limits. Finally, an area of 700 ha. is to be assigned as Export Processing Zone close to the airport.

Most of the land to be developed by the City Council in the east, north and north-east is owned by private individuals, the National Railways or the government. The process of rezoning, acquiring and developing private land can be very long and cumbersome and may take between 5 to 10 years. Major hurdles may occur if a private owner is unwilling to sell, and the Council has to resort to compulsory acquisition under the Urban Council Act/ Land Acquisition Act.

This was demonstrated in the case of the area close to the airport, which the City Council plans to incorporate for future residential and/or industrial use. The District Council to which it belongs accused the City Council of trying to hold land for speculative purposes at the expense of the District Council's revenue base. It claimed that the city has yet to exhaust undeveloped land within its boundary and that the City Council first has to use land now used for agriculture. Only due to the intermediation of the Minister of LGRUD was the dispute solved in 1996. A Local Plan is now in preparation as a legal basis for acquisition until the revised Master Plan is finalised. In the North-Western Commonage area the survey of stands could not proceed due to problems of land acquisition. Here too a considerable amount of land still has to be acquired from private property holders. It is expected that this will take at least 2 to 3 years.

Obviously the view of the District Council did not take into account the exigencies of forward planning. On the other hand, it is true that Bulawayo still has considerable empty space within its boundaries. In fact, recently the Council

embarked on an (implicit) policy of densifying present land-use in the city.⁶¹ This obviously relates to the high cost of servicing remote land, but also to the political sensitivities explained above and the painstaking and time-consuming acquisition process. In 1996 the Council made an inventory of all vacant land within the city limits which could still be used, and discussed the idea of rezoning these sites for other uses.

One of the Council's development priorities for 1996-1997, included in the new integrated corporate budget is '... to maintain a reserve of serviced industrial stands'. This is indeed essential. However, what seems equally important is that businesses wishing to settle or expand should be able to choose from a diversified supply of sizes and locations, and not merely accept what the Council has to offer, as is presently the case. This is all the more important if the Council wants to attract joint ventures and/or high-value type of enterprises.

Making projections for future land development is not easy. This is especially true in the present rapidly changing economic circumstances. The very simplistic projection made in the 1983 Master Plan obviously needs to be replaced. Planning needs to be flexible and should be adjusted based on the monitoring of (local) economic trends. For this, a solid and readily accessible information base is indispensable. This would not only include information on the demand for and availability of land, but also on the cost of servicing land (cost price per m²/ha.). At present data on cost prices of developed land are not readily available. At present, the City Council does not maintain an updated waiting list for industrial land either. The waiting list is merely a set of scattered file records of applicants. In the files no mention is made of the preferred size and location of the land, or even the price. Some files have been simply closed after many years.

5.2 Land supply for the indigenous business sector

At present the small and medium sized business sector occupies 30 % of the 1,432 hectares occupied by the whole industrial sector in Bulawayo⁶². From the early 1980s onwards, the City Council embarked on a quite visionary policy to make more stands available for light-industrial and service-oriented use for small and medium sized industries, different from the large industrial stands that had been previously provided in the 'consolidated' industrial areas. The different initiatives will be assessed here, and some of the results will be reviewed.

5.2.1 Light-industrial and service-industrial land for small and medium scale enterprises (SMEs)

In the Master Plan two main areas were reserved for this purpose: Kelvin North and Luveve. Both areas are located near the high-density residential neighborhoods as they were meant to cater for small emerging entrepreneurs who were previously undertaking unauthorised activities on commercial and residential properties. The initiative also aimed to promote the integration of land-uses, which

⁶¹ Council minutes - November 1996

⁶² statement of Town Clerk during the 1996 annual conference of Zimbabwe Institute for Regional and Urban Planning

so far had been strictly separated. In the 1990s other areas were serviced for the same purpose.

Prices for the stands in the areas are at subsidized rates of Z\$ 12.50 to 40. From the outset, the Council was inundated with applications from SMEs. To ensure that only indigenous businesses would benefit, a Council resolution was passed in the mid-1980s stipulating that only investments below Z\$ 700,000⁶³ would be eligible for these subsidised stands.

Based on the percentage of plots allocated, as shown in table 5.1, the SME land policy has been quite successful. Areas such as Luveve, Kelvin North I and II and Thorngrove have almost completely been allocated.

However, the picture becomes substantially different when the rate of development on the plots is taken into account. Approximately 40 % of the stands in the Luveve, Kelvin North and Kelvin West appear to remain undeveloped. From the total number of building structures approved for construction, 44 % are still below the slab level. On half of those plots (22 % of total plots), no development is yet taking place and some plots are currently being used for growing maize. A mere 36 % of the structures has been completed and is fully utilised.⁶⁴

This development is clearly causing the City Council a lot of concern. Due to the enormous investments involved in servicing new stands, there is a reluctance to keep servicing new plots, with so many plots not yet developed. Serious new applications for stands cannot be honoured. In general, the limited development rate is blamed on the economic conditions being very negative for the indigenous business sector. Table 5.3 clearly reflects how after the launch of the economic reform programme in 1991 confidence in the economy soared, only to drop dramatically from 1993 onwards.

Next to the adverse economic conditions, some other factors can be mentioned which may have contributed to the low development levels.

Price of the stands

Some people suggest that the stand price of on average Z\$ 30 m² is still too high for most prospective developers. They suggest that the Council should further reduce the price. It can be doubted whether this would really solve the problem. In the first place further limiting the already subsidised prices would further deprive the City Council of the much needed income. Furthermore, it is difficult to target entrepreneurs who are to benefit from such a measure, and exclude those who are able to afford present prices. At present the minimum downpayment for a plot is 25 % of the price with the rest to be paid within 12 months. The inclusion of a longer grace-period for repayment has also been cited as a possible solution, or more frequent use of the option to acquire land on a long-term lease with an option to buy, in order to reduce initial costs for prospective entrepreneurs.

Plot sizes/service standards

The average plot size in the industrial areas is 2,000 m² and the minimum plot size is 1,000m². Especially for small scale entrepreneurs this is still quite big, as

⁶³ the estimated present value is unknown

⁶⁴ Sidambe, M. (1996)

demonstrated in an area such as Kelvin North where it is possible to find as many as 4 different activities on a single stand. In order to lower the cost of servicing the land, the Council might also consider downsizing the service standards for part of the SME areas. Standards are quite high, with a 6-8 m. wide tarred road and 33 kV.

Development conditions

Minimum building costs for a 20 Z\$ stand are Z\$ 75 per m² whereas for a Z\$ 40 stand this is Z\$ 250 per m². Hence, the price of the stand is only approximately 15 % of what the entrepreneur is supposed to invest in the structures on the plot, which have to be finalised within two years. In the meantime, the stand is not to be occupied until approved sanitary facilities have been provided. The Council thus requires emerging entrepreneurs to construct rather sophisticated structures with high quality building materials. It can be questioned whether this is really what an emerging entrepreneur needs. It may very well be that some only need a yard, a power point and basic shelter as many enterprises are not involved in high value production. The steep increase in the price of construction materials has aggravated the problem of non-affordability. For instance, the price of building materials rose by approximately 50 % between September 1994 and September 1995, against an inflation level of 22 %.

Speculation

It is estimated that 5-6 % of the plots are owned by more established businessmen.⁶⁵ This practice is made attractive due to the subsidised nature of the stands. To curb speculation and prevent complicated procedures for repossessing the land, the City Council does not give title deeds till a minimum structure is built, within 30 months. If nothing is built by then, property tax is charged on non-existent buildings. However, to mislead the City Council some entrepreneurs have walled their plot or built foundations only. In 1996 the City Council announced it would repossess all undeveloped stands where the owners sought to cede them to third parties. Registration of the purchaser on the Councils waiting list would be required. This was a response to the sale of many undeveloped plots, under the pretext of financial problems, where the Councils suspected the purchasers to be the financiers from the onset.

In practice it has been very difficult for the Council to repossess stands. Often the small scale entrepreneurs sought political protection. For instance, in Kelvin a committee was formed among land-owners and an MP was asked to put pressure on the City Council not to repossess the land.

Screening and monitoring

At present, applicants for land have to produce a bank statement in order to prove their capability to purchase and develop the land. However, in practice this is an insufficiently effective screening device, as prospective buyers may temporarily raise funds in their account for this purpose. A local businessman criticised the attitude of the City Council that all people should be given a chance to develop land, and called it unrealistic. He suggested that the Council needs to be more business oriented, rather than people oriented and be much more strict in screening

⁶⁵ information obtained through interview with Council staff

applicants. Additional evidence might be requested, or a more personalised approach be used. So far, there has been very little monitoring of progress after allocation of land. Monitoring could spot possible problem cases in an early stage.

The majority of small businesses still operate without access to institutional finance. In order to acquire a plot and develop a business, access to finance is required. However, a precondition for obtaining formal loans is the use of collateral. In order to break this vicious cycle the Council might even consider teaming up with financial institutions.

Sub-letting

Sub-letting takes place on a large scale in the SME industrial areas, and as little as 10 % of the plots are occupied and utilised for one activity only. Fifty percent of the plots are shared by two enterprises, 30 percent by three enterprises and about 5 percent by four.⁶⁶

In order to get more insight into this phenomenon, a small survey (N= 16) was carried out among these industrial space lessees in the areas Kelvin North, Kelvin West and Luveve. The activities carried out were car repairs/motor mechanics (4), welding (3), car spray painting (3), grain milling (2), brick moulding (2) and other activities (2). Of the 16 businesses, only 7 were registered. Rents vary between Z\$ 800 and 950 per month, which the large majority of respondents considers reasonable. The space occupied was considered sufficiently big by most respondents, and ranges from 5 x 7 to 9 x 12 m. Most operators were quite satisfied with their present accommodation and location.

Interestingly, 50 % of the businesses were previously operating as backyard businesses, on the residential plot of the business owner. Of these 8 backyard businesses 5 moved to the present location after they were advised by the City Council that they should stop operating their business from home. One person stopped because of insufficient power capacity; another due to the limited space.

Of the 16 entrepreneurs, 3 once applied for their own stand to the City Council. One is still waiting for a reply and 2 were not able to raise the necessary funds. The opportunity for inter-firm linkages in the area was mentioned as an advantage, like the car spray painting firms that target customers visiting nearby car mechanics and panel beaters.

5.2.2 Service-industrial stands in the high-density residential areas

In the early nineties a demand emerged for even smaller and cheaper plots, close to the high-density residential areas. After the ESAP-induced deregulation policy many people wanted to start small enterprises. Also the central government pressurised local councils to create affordable plots for indigenous businesses.

Responding to this need, the City Council allocated special zones adjacent to a large number of commercial centres in the high-density areas.⁶⁷ Here so-called service-industrial stands of 50m² were created. These stands are different from the

⁶⁶ Sidambe, M. (1996)

⁶⁷ each of these centres includes a standard 600 m² supermarket

'commercial bays' which are sold in the commercial centres for establishing formal shopping facilities (at a substantially higher price). With some 6 to 10 service-industrial stands per commercial centre, altogether some 50 clusters of stands are scattered over the high density residential areas. The stands can be bought by entrepreneurs to set up small-scale economic activities such as hairdressing, bicycle repair, shoe repair, firewood selling, etc. The plots are advertised in the local newspaper and sold through tender. Land is sold at Z\$ 12 per m². If required, more than one plot can be obtained.

In November 1996, the following number of stands had been serviced, allocated and developed⁶⁸

no. of stands serviced	358
no. of stands allocated	146
no. of stands developed	22

This means that only 40.8 % of the serviced stands have been allocated, and only 6 % of the serviced stands have been developed. Obviously, the allocation and development of stands is quite low. Monitoring and follow-up of allocated stands does not take place in a systematic way.

In interviews the main reason mentioned for the limited allocation of stands was the difficult economic climate, which makes people reluctant to start their own business. Furthermore, the internal bureaucracy within the City Council has been cited. Some criticised the method of advertising through formal newspapers. As the target group often does not read newspapers, a more targeted approach should be pursued.

The following reasons were mentioned as possible reasons for the low level of development of the service-industrial stands.

- (a) in spite of subsidised plot prices, for most beneficiaries the price is still too high.
- (b) this is aggravated as for the target group it is very difficult to get access to institutional finance for development of the stand. Most beneficiaries have to rely on savings or informal loans.
- (c) the development standards for the to-be-developed structures are quite high. Whereas the plot price is low, development costs are considerable. No minimum building value is imposed, but development conditions include the construction of a toilet and a common room of minimally 6.5 m². The costs of such structures amount to approximately Z\$ 10,000. A local businessman suggested that development conditions should be made more flexible '...in order for the businesses to grow gradually'.

A small survey (N= 15) was carried out among the occupants of service-industrial stands and commercial bays in Entumbane, Magwegwe, Lobengula West, Luveve, Njube and Pumula North. The aim was to obtain more insight into the situation of small-scale business space in the high-density areas. The most striking result, which had already been noticed through observations and informal discussions,

⁶⁸ figures provided by the Housing and Community Services Department

was that whereas these plots are supposed to accommodate one enterprise only, in reality a microcosm of petty enterprises are located on the stands.

Interviews with the owners of four developed service-industrial stands give the impression that the few persons who managed to develop their plot seem to be doing quite well. One of them, a hardware cum welding enterprise, was even applying to the City Council for a second stand to expand business activities. Three of the four rented out space to other businesses. In one case, on a stand of 9 x 20 m², some 7 different economic activities were identified (tailoring, building firm, welding, electrical repairs, tinsmith, mechanics). The owner of the plot rented out space to different entrepreneurs, who basically operated from the open air. None of the owners of the service-industrial stands had access to institutional finance in developing their structures and business.

Among the interviews there were also five commercial bays, which are formally occupied by shops, but where the backside service area and store-rooms are illegally rented out to informal enterprises. Lessees included furniture manufacturers and tailors, sometimes operating from a 3x3 m. space and spilling over to the street. The (sub)-lessees were located here because of the low price and lack of alternatives. Among the disadvantages mentioned were the fear of relocation as the owner might take back his premises at any time, the cramped working conditions and the lack of advertising opportunity.

5.2.3 Employment creation zones

This initiative resembles the service-industrial stands initiative. However, stands are not necessarily located adjacent to neighbourhood commercial centres but rather in more strategic locations. On these stands the noisier uses are also allowed, such as grinding mills, car repair, panel-beating, etc. The stands range in size from 300m² to 700 m² and have a recommended price of Z\$ 10 m². Early 1995 four sites were projected to be serviced and sold off, in Mpopoma (6 stands), Luveve (7 stands), Pumula (14 stands) and Entumbane (24 stands). However, by the end of 1996 of the total of 51 planned stands only the sites in Pumula and Luveve had been partly serviced. Due to cash-flow problems the City Council has not been able yet to fully service the area and funds ran out after only the roads had been put in.

Though the Engineering Services Department is responsible for the servicing of the stands, the Housing and Community Services Department has to allocate the stands. It was noticed that in none of the two bodies does an up-to-date monitoring system for service-industrial stands and employment-creation-zones seem to be in place.

It appears that this type of plots, once developed, will fulfil a real need of the small scale business sector, in view of the smaller size, and lower price and standards. The only disadvantage may be the small-scale isolated locations, which do not allow for the much needed linkages with other industries in the existing industrial areas.

5.2.4 Deregulation of backyard business

Yet another measure to provide space for economic activities in the high-density areas was the '1994 use-group (de)regulation'. This implied the widening of the land use categories allowed in the high-density residential areas, as specified in the Town and Country Planning Act. Certain uses which in practice already prevailed but were not officially permitted, are now allowed without complicated approval procedures. To this aim central government sent a directive to local governments, and made necessary legal adjustments.

Nowadays, if someone applies to, say, sell firewood from the backyard of his/her house the person should produce a letter of 'no objection' signed by the direct neighbors. This procedure has replaced the lengthy procedure of filling out forms, advertising in the newspaper, etc. and is therefore cost effective for both the person concerned and the Council.

The question is how many people actually bother to register. To find this out a small survey (N= 15) was done among the back-yard businesses, or home based economic activities, in the neighborhoods Magwegwe, Lobengula, Luveve, Njube, old Pumula and Iminyela. Of the 15 businesses, 8 were engaged in manufacturing (shoe production, tailoring, metal work, etc), 3 in repairs, 2 in retail (kiosk and fire wood) and 2 in hairdressing.

In 13 of the 15 businesses more than one person was engaged. 6 enterprises had paid employees. Asked for the advantages of working from home the most frequent answers were: (i) no need to pay rent; (ii) no need to pay taxes or a licence; (iii) no transport costs; (iv) family members can help, and; (v) flexibility in working hours. Disadvantages mentioned were; (i) lack of exposure; (ii) hygiene problems and danger for children; (iii) lack of storage space; (iv) insufficient electrical power, and (v) dependence on clients for advertising.

Of the 15 businesses, only 1 operated with approval of the City Council. Reasons cited for not obtaining approval were financial problems (2x), the operator not being aware that a licence was needed (8x), or the operator planning to obtain a licence soon (4x).

Bulawayo City Council recognises the problem of illegal operations and partly attributes it to the 1993 statement of the Minister of MLGRUD, instructing local governments to stop chasing informal sector operators. Many people seem to have interpreted this widely publicised statement as a 'blanket permit' and do not bother anymore to ask for permission.

5.2.5 Factory shells

The idea of factory shells is to provide cheap and basic rental space to the SME sector, which is so far not yet available in Bulawayo. The City Council announced the development of factory shells in its Local Plan no. 8 of 1992, and they are mentioned also in the investment incentives package. The lack of finance is said to have held back the initiative so far. Some years ago the City Council tendered land for the private sector to build factory shells, but got no response. One development with small scale rental business units is known to have been put up in Kelvin by a

private construction company, but this initiative is targeted at more established businesses.

In some other cities factory shells have already been put up by the private or public sector. This includes Harare, Chitungwiza, Kwekwe, Kadoma and Mutare. In Harare the shells - which are simply a number of service-industrial stands with a roof and durawall around it - were realised in 1995 as a joint initiative by the Chamber of Commerce, the Zimbabwe Development Bank and the City Council.

In the 1996/97 budget Z\$ 6 million has been allocated by the City Council for establishing factory shells. The Economic Development Officer (EDO) is to co-ordinate the initiative, in collaboration with the Engineering Services (identify and service land) and the Housing and Community Services Department (co-ordinate the construction of the structures). From interviews it appeared that there is still little consensus within the City Council on how the shells should look, where to locate them, whom to target, etc. Furthermore, the concept of factory shells is often mixed up with the term 'business-incubators' though in practice they are two completely different phenomena⁶⁹. By the end of 1996 the City Council invited the Confederation of Zimbabwean Industries (CZI) to discuss on the implementation of the scheme. Teaming up with CZI's 'industrial linkages' programme for identifying and supporting SMEs was suggested.

The idea of teaming up with other business support organisations seems to make a lot of sense. The concept of factory shells has of a sudden become very fashionable. Several organisations interviewed mentioned they were exploring the option of establishing factory shells in Bulawayo, among them the Chamber of Commerce, IBDC and one of the Ministries. The Zimbabwe Development Bank recently applied for a stand in order to put up 'micro-scale industrial units'.

In the earlier mentioned surveys among small scale business operators, the reaction of respondents regarding the opportunity of obtaining space in factory shells was gauged. Among those (sub) renting space on service-industrial stands or commercial bays (see 5.2.2) the interest was quite high. 14 of the 15 respondents indicated being interested in this space, provided it is reasonably priced. 7 of the 15 were already informed on the new City Council initiative through the newspaper or friends.

Of the 16 lessees on the MSE industrial stands 10 knew about the new initiative. Remarkably, the interest in obtaining access is much lower in this category of business operators. Of the 16 businesses 50 % would be interested in renting space in a factory shell. Quite a few were not interested because they foresaw buying land their own stand in the future and are not interested in renting. Obviously the aspirations of this category of businesses are considerably higher than those renting space on the service-industrial stands and commercial bays.

⁶⁹ for a detailed explanation see Maas, B. and P. Nientied (1995)

5.3 Property development

5.3.1 The development of office space in Bulawayo

Office space in Bulawayo is to be found primarily in the central business district (CBD) - covering some 95 blocks in the grid-pattern central area.⁷⁰ Bulawayo's CBD differs considerably from the typical inner city of an 800,000 inhabitants city, filled with sky-scrapers and traffic jams. Most buildings are low-rise, and few high-rise buildings exist. Only one building of any landmark graces the town: the 12 floor Fidelity Life Tower. Unlike the trend in other big cities (and even in Harare) so far in Bulawayo there are no 'satellite office locations'.

Development of office space in the last 16 years has been minimal and there has been little change in the land-use pattern and character of the central area. The only notable developments are summarised in table 5.4.

In the first half of the 1980s - right after independence - substantial property development was experienced in Bulawayo, reflecting the anticipation of the restoration of peace. Rents for office space rose steadily. Notable developments include the LAPF house, which provided over 4000 square metres of lettable office space. It is still one of the high quality office buildings in the city centre. In 1985 the then tallest building in the country was completed: the National Railways of Zimbabwe Building. Most of the space was occupied by NRZ itself.

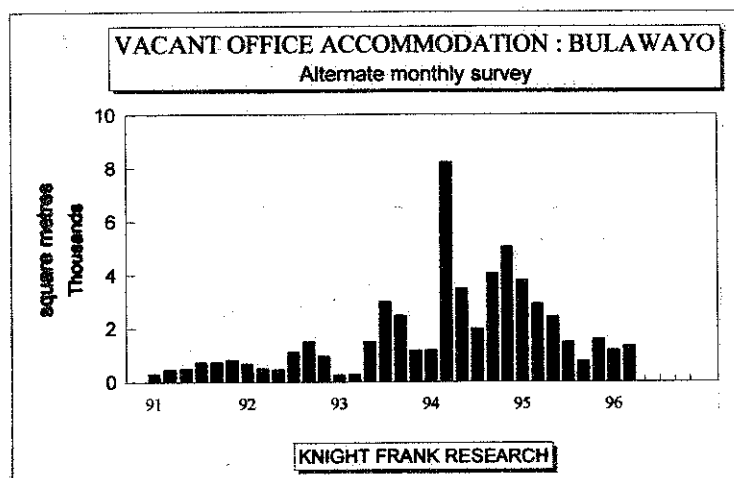
In the second half of the 1980s, the political and security situation slowed down confidence in the city and growth stagnated. Activity in the office property market was minimal with rents rising fractionally. Most planned office projects were indefinitely suspended. The situation however picked up towards the end of 1988 when the Unity Accord between the two rival political parties was signed. Besides, in 1988 the Government lifted the rent freeze for commercial properties which had been imposed in 1982, and office space that had been vacant during the city's dormant years began to fill up. Prices for new office space suddenly sky-rocketed to more than 700% above existing rent levels. During the last half of 1989 rents rose by an average of 250%.⁷¹

Figure 5.1 shows that from 1991 to 1996 very little vacant office space was available in Bulawayo, with at times as little as 200 m² of lettable office space available. After 1991 this situation improved as very new developments occurred, such as the completion of the Government composite office block (leaving vacant space elsewhere) and the Fidelity Life centre. However, this supply was also taken up rapidly and by January 1996 the supply of lettable office space was below 2,000 m². Since 1994 no major developments have occurred. The only recent supply of space is through the completion of the buildings of NUST university, meaning that the university is gradually vacating some inner city office space it was occupying.

⁷⁰ the area is covered by Local Plan no. 4 for the Central Area

⁷¹ Brakspear, G.N (1991)

Figure 5.1 Overview of vacant office space in Bulawayo from 1991-1996⁷²



In total contrast to the rest of the country, in Harare property development is taking place at an astonishing pace. During the past five years there has been a true construction boom in Harare with no less than 25 major new developments, representing an injection of approximately 400,000 m² of shop and office space in the CBD. This has to be compared to the 60,000 m² that came onto the market between 1980 and 1990.

However, the new developments are not filling up at the same rate that they are going up. Many institutional investors seem to have banked on predictions that under ESAP companies would need to streamline and consolidate operations and therefore find new space from which to operate effectively. This did not happen as the recession was too strong. In 1995/96 developers were struggling to reach full occupancy. Although the developers have not sunk to Johannesburg extremes where long-term leases were rewarded with up to 6 months free rent, developers in Harare in 1995 offered, among other deals, to bear tenants' relocation costs.⁷³

5.3.2 The nature of office space in supply and demand

A fair amount of office space is found in old buildings which do not have adequate parking space and other modern facilities or standards like air-conditioning or escalators. Up-market office accommodation is scarce. Refurbishing of office space to better suit the up-market demand does take place, though on a very limited scale. In addition, many of the up-market clients presently requiring office accommodation want less than 300 m². However, most developers prefer clients that occupy large spaces so as not to overstress the facilities.

Also, at the lower end of the market there appears to be considerable demand for centrally located office space, in particular from emerging small business people. As a consequence of the lack of affordable small-scale office space in some of the lower profile office buildings far reaching sub-letting is taking place. An extreme

⁷² Knight Frank - Zimbabwe property report mid-1996

⁷³ Mercantilist 1996

example was found in a somewhat dilapidated building where a floor, originally intended for one tenant, was shared by some 20 sub-tenants, including a tailor, rubber stamp producer, stationary seller, computer firm, photographer, import & export firm, clearing agent, company registration firm and an insurance broker.

5.3.3 Factors affecting the supply of office space

Various factors explain the low level of investment in office property in Bulawayo.

Political-economic factors

The rise and decline in supply of office space in the past closely corresponded with political-economic conditions in the city and country. This includes the rise in supply in the early 1990s when the introduction of ESAP led to increased confidence in the economy, and the drop thereafter. The drought and the water crisis certainly have contributed to a slow-down in investments and construction projects.

Returns/rental levels

Returns on investment is the single most important determinant for property investment. The main developers such as the National Railways Pension Fund (NRPF), Local Authority Pension Fund (LAPF), the Mining Industry Pension Fund (MIPF) and insurance companies such as Fidelity Life Insurance, Zimnat Insurances and NICZ are mainly interested in the yield on investment. According to estate agents who administer office space in Bulawayo over the last years rents have been too low to make office development a viable and secure investment venture. Current rentals in Bulawayo are half those in Harare.

Whereas during 1996 in Harare rental rates increased by approximately 40-50 %, in Bulawayo the increase was only half of that.⁷⁴

Values of commercial property in Harare and Bulawayo are as follows:⁷⁵

	<i>Bulawayo</i>	<i>Harare</i>
land value - CBD	3,200 Z\$ sq.m.	6,250 Z\$ sq.m.
office rentals	45 Z\$ sq.m.month	65 Z\$ sq.m.month
shop rental (CBD)	50 Z\$ sq.m.month	125 Z\$ sq.m.month

The limited returns also explain why most office buildings in Bulawayo are low rise, thereby avoiding costs in terms of lifts and other structural designs that go with high rise office buildings.

⁷⁴ First Merchants Bank of Zimbabwe, October 1996

⁷⁵ Knight Frank - Zimbabwe property report mid-1996

Table 5.4. Office development in Central Bulawayo 1980-1994

Name (and location) of development	Developer	Cost of project (million Z\$ ²)	Lettable floor space (m ²)	Completion date of project	No. of storeys
LAPF House (J.Moyo & 8th Ave.)	Local Authority Pension Fund & Edgars	4.6	4,000	1982	7
Beverly building (10th Ave & 5 Street)	Beverly Building Society	1.8	780	1984	4
NRZ headquarter (9th and five street)	National Railways of Zimbabwe Pension Fund	6.0	20,000	1985	12
KPMG building (5th Ave & J. Tongo)	KPMG	2.5	900	1991	2
Beverly (15th & main street)	Beverly Building Society	3.0	1,000	1992	4
Z.L.I (J.Moyo & 10th Ave)	Zimnat Life Insurances	2.5	800	1992	3
Reserve Bank (L. Takawira)	Reserve Bank	3.0	1,000	1992	3
Fidelity Life (Fife & 11th Ave)	Fidelity Life Insurances	80.0	5,000	1994	12
Government Office block (Barch Str & 10th Ave)	Central Government	52.0	1,500	1994	6

² prices are not indexed

In addition to the discouraging effect of low returns, also high interest rates in the money market can be mentioned as having discouraged investments in property. Whereas in the early nineties the property market was very attractive for investments, most institutional funds are now invested in the money market. Only properties yielding more than 12 % would still be attractive to the institutional investor.⁷⁶

Finally, most of the pension-funds and insurance companies are reported to have a strong risk avoidance behaviour in investments. Some have suggested that the central government should give guidelines to institutional investors, in order to make their investments more beneficial for the development of the entire country.

Building costs

The high cost of building materials has tended to strongly increase construction costs. This is basically due to the shortage of cement and the extremely high interest rates (35 % in 1995) over the last years.⁷⁷

Conservation laws

In the CBD many buildings resort under the Building Preservation Order. This law aims to protect buildings of historical value. Most of the buildings under this Order occupy strategic positions in the city -and are therefore most interesting to developers. They can, however, not be demolished.

5.3.4 Change of use/conversion of space

Over the last few years, Bulawayo City Council witnessed a steep increase in the number of applications for change of use from residential to commercial use. Especially in the fringes of the CBD a large number of residential flats⁷⁸ and low-rise town houses are being refurbished and converted into commercial space. The popularity of conversion is due to the limited existing commercial space and advantages such as lower prices, more parking space and a nicer environment. Most space is converted to small offices, medical cabinets, tourist agents, tourist apartments, etc.

The policy of the City Council towards change of use has changed a lot. In the early 1990s such requests were denied, in view of the critical housing shortage, and in line with a Ministerial directive. Later this directive was changed and the City Council presently has a more flexible attitude towards change of use proposals.⁷⁹ Everybody in the residential areas is now allowed to have a small office at home, as long as residential use prevails. If premises are empty for more than two years, change of use is automatically allowed. The Town Planning branch presently works on the amendment of the Central Area Local Plan. The area where conversion of residential to commercial space is allowed will be expanded. This is partly done to legalise the many unauthorised offices/workshops.

⁷⁶ *ibid*

⁷⁷ Mercantilist, 1996

⁷⁸ most of them owned by the Indian community

⁷⁹ this excludes 'special consent' cases for potentially disturbing uses, for which Ministerial approval is still required.

Requests for change of use in the fringes of the CBD include many requests for change of use to private education institutes, creates or churches. A real boom in applications occurred for conversion of space by church congregations with names such as Miracles of Seed Faith Church, Christ Ambassador Church in Africa, Zimbabwe Assemblies of God Africa, etc.

The change of use phenomenon would not have assumed present proportions without the enactment of the Rent Control Act in 1982.⁸⁰ Through this Act rent increases were effectively discouraged as approval needed to be asked to a central Rent Board. As a consequence of this: (i) property owners stopped maintaining their properties while still collecting rent; (ii) premises were left vacant by owners who were not interested in the little returns they could receive; (iii) residential buildings were used for commercial purposes.

5.3.5 The development of retail space in Bulawayo

Retail space can be found in the CBD and in the suburban commercial centers. These small-scale centres, most of which were constructed prior to 1980, can be found in all residential neighbourhoods. All centres have been developed on the initiative of the City Council. In the 1983 Master Plan 8 sites were set apart for District Commercial Centres, which should be multifunctional centres, including amenities other than just shops. But so far only one complex has been developed: Entumbane District Commercial Centre. A second centre is to be developed soon in Nkulumane.

Below an overview is given of the recently developed, or to be developed, retail space projects in the city.

Entumbane District Commercial Centre

This centre was developed in 1993 by the Mining Industry Pension Fund and offers more than 15,000 m² retail space. It was the first District Commercial Centre to be developed in the western high-density residential areas.

Nkulumane District Commercial Centre

This centre, to be developed by the insurance company Old Mutual in the western high-density suburbs, will be by far the largest shopping centre in Bulawayo. The first phase will be completed in November 1997. The centre will offer 50 retail shops and 3 major supermarkets. Most of the shop space has already been taken. Old Mutual was the second candidate to develop the centre after a first candidate had failed to develop or even pay for the site.

Extension of the Ascot shopping centre

The thorough upgrading and extension of this shopping centre, which is owned by the NRZ Pension Fund, is to be completed in May 1998. The centre is located to the east of the CBD.

⁸⁰ this law was issued basically for political reasons, as most property was owned by the whites

Woodlands shopping centre

The Woodlands Commercial Centre has recently been put out to tender. However, the response from prospective developers has so far been discouraging. The 25,560 m² shopping centre is envisaged to service the south-eastern low and medium-density suburbs, as well as the NUST University.

Bulawayo Center

This large retail center - comprising a complete city centre block - is being developed by the NRZ pension fund and will create approximately 12,500 m² of up-market lettable shop space. The site has been cleared of all previous buildings, except for the former Grand Hotel which is protected by the Building Preservation Order. This old building will be retained while adapting its use for modern purposes. The centre is due to open in October 1997. The centre was fully let before its completion, in particular to South African retail chains.

Lobengula Bazaar

This modern shopping mall, which is tailored to the lower-end of the market, was opened in the end of 1996. The project is being developed by the NRZ pension fund. The complex measures 4,900 m² and accommodates a large supermarket and other well known chain retailers. A lot of publicity was given to this complex as it was the first of its kind in the country to blend large retailers with indigenous businesses in a single development. The centre accommodates about 52 vending stalls of up to 10 m² in the basement. Prices for these self-contained, lockable units are between 400 and 960 Z\$ per year. Initially, this initiative was widely praised and over 200 persons applied for a stand. However, after some months complaints appeared. Stall holders found it difficult to compete with street vendors who basically sell the same low-value goods, without paying rent. Besides, the location in the basement give too little exposure to clients.

5.3.6 Rationale for retail space development

The previous section showed that retail space development has in the last few years been more salient than the development of office space. Real estate agents indicate that especially demand for modern retail space is relatively high and that rentals in prime locations even compare with those in Harare. A number of factors can be forwarded to explain this trend.

First of all, institutional investors point out that investments in retail space are less sensitive to the negative economic influences that the city has witnessed of late.

Furthermore, the economic liberalisation has produced a marked modernisation and diversification of the stock of retail space. Until the early 1990s Zimbabwe was a very closed country. Little diversification in consumption goods existed as national companies and local stores had a monopoly over production and sales. As a consequence, many shops in the inner city still make a rather obsolete impression, with shop-windows being reminders of the 1950s and 1960s. Due to ESAP, new retail establishments appeared in the city, many of them being franchises of South African retail chains, such as Woolworths, Clicks, Diskom and Foto First. Also many franchise (fast food) restaurants appeared. The quality of

shop equipment and services that these franchises insist on has also made local traders in the same market aware of the need for quality and service.

Finally, Bulawayo has experienced a significant rural-urban drift over the last years, increasing its population. Moreover, Bulawayo is the main service centre for the Matabeleland North province and the spending power in the surrounding mining areas has increased significantly.

Not all new enterprises have fared equally well. Real estate agents report the recent upsurge of the 'lease back' arrangements, whereby business sell their property to investors and continue to lease it. Many enterprises that find themselves in cash-flow problems - often due to the high interest rates - resort to this arrangement. This applies not only to shops, but also to many industrial establishments.

5.4 Conclusions

Most land for industrial use in the city is provided by the City Council. So far - in a context of an economically depressed climate over recent years, the planning and servicing of land is just 'ahead of demand' and available serviced industrial land is not abundant. The Council has no explicit policy of 'land banking'.

On the one hand this cautious approach is understandable in view of the financial and staff capacity problems of the Council. On the other hand, real estate experts in particular stress the lack of diversification of available space. With an increasingly modernising local economy, demand for space - in terms of sizes, location, services - is likely to diversify more. The densification of available space, through the development of infills, and the development of the Office Industrial Park are steps in this direction. The Councils' information base on the demand for and availability of land is weak and not very transparent. More involvement of the business sector itself in the planning of industrial and commercial space may be considered.

The City Council anticipated the growing importance of the indigenous business sector by developing various types of cheap and small (service) industrial stands. Demand for these stands has in general been high. However, as much as 40 % of the allocated stands in the SME areas, and more than 80 % of the stands in the townships remain undeveloped. Though this is to be basically attributed to economic conditions, the problem is aggravated by burdensome development conditions, high standards and relatively large plot sizes. Solutions could lie in the sphere of flexibilisation of service standards, development conditions and plot size. It has been noted that whereas the majority of SME businesses prefer to be located close to complementary industries for economic reasons, most of the to-be-serviced industrial land is in peripheral locations.

Both in the SME areas and on the service-industrial stands a high incidence of sub-letting of space was identified. It is obvious that there is a strong shortage of affordable and properly sized business space for the informal sector in the city. In principle, the sub-letting agreements are a pragmatic solution to the problem, and, SME plots especially, seem to function like 'business incubators'. Associated disadvantages are the uncertainty of illegality. Though the SME areas were

intended to serve previous backyard industries, obviously this step is too big. In this sense, the proposed rental 'factory shells' will fulfil a great demand.

Investments in office property over the last 15 years have been low. Low rentals in Bulawayo, an attractive money market and competition from Harare - with a booming office space market - explain the still limited investments in office property. As a response to the relative shortage, the change of use of residential to commercial space is high, facilitated by the City Council. At the lower-end of the market, the incidence of sub-letting is high. According to experts rents for office space will continue to rise and investments in this sector may become attractive again. This may be encouraged by an expected decrease in inflation, and oversaturation of Harare's office space market. The market for retail space has been more dynamic over the last few years, with a marked increase and modernization of retail space. This change is partly driven by the inflow of new, and often foreign, retail concerns.

6 Private local response and public-private partnerships

Section 6.1 will review the nature and activities of a number of organisations that play an important role in the local economy. These encompass economic interest groups and business support agencies, non governmental organisations (NGOs) and community based organisations (CBOs). As far as relevant, their linkages with Bulawayo City Council and other local organisations will be assessed. In 6.2 two examples of co-operation between public and private sectors in the city will be evaluated. Though very different in nature, both have been or may be very significant for the development of the city.

6.1 Private local response

6.1.1 Economic interest groups & business support agencies

Quite a number of organisations represent or operate in support of the local business community. Most of them are branch offices of nationally operating bodies. The most important organisations will be mentioned below.

The Chamber of Commerce

The Chamber of Commerce was established in 1983 and has some 500 members in Bulawayo, which is about half of the formal business community. Most members are in the sectors of commerce and retail. Registration and membership is voluntarily. The objectives of the Chamber of Commerce are: (i) to support the creation of a favourable business climate; (ii) business development and (iii) to promote and serve the interests of its members, for instance towards local and national authorities. Towards the City Council the Chamber actively uses this 'watchdog' function. For instance, it strongly lobbied for the relocation of the inner city vendors (see chapter 4).

Though relations between the Chamber and the City Council are relatively smooth, one cannot speak of a strong partnership. Contact basically revolve around 'single issues', whereby staff of the Chamber directly approach City Council officials to solve particular problems. From time to time tensions occur. This happened for instance in 1996 when a local newspaper reported that the Chamber had approached the City Council to donate land for business incubators, to which the City Council would have agreed. After pressure from the Council this

was later rectified and the Chamber was reported to be 'in the process of approaching the City Council' for this purpose. Also during the negotiations with the informal vendors some tension arose between the City Council and the Chamber, and the latter refused to come to the last meeting. On the other hand, Chamber representatives claim to be extremely disturbed by not having been consulted on the Council's plan for the new CBD pedestrian mall and the planned sale of land for the development of three new hotels.

Surprisingly, the Chamber of Commerce until recently did not actively take part in the Development Forum. In an interview it appeared that key staff of the Chamber of Commerce were not even informed about the details of the Council's investment incentives package.

The Chamber of Commerce runs a Small Business Support Unit, which carries out training, advisory services and consultancy for both urban and rural businesses. It receives support from foreign agencies, including USAID.

Confederation of Zimbabwean Industries (CZI)

The CZI is an organisation with objectives and activities similar to the Chamber of Commerce, but focused on businesses in the industrial sector. Due to the strong industrial base in Bulawayo its membership in the city is considerable, though smaller than that of the Chamber of Commerce. The CZI has always been an active member of the Development Forum and one gets the impression that relations with the City Council are somewhat better than those with ZNCC.

Also the CZI runs a variety of business support programmes, especially for the small scale business sector. One of its activities, which was initiated in 1996 and funded by USAID and NORAD, is the Zimbabwean Enterprise Development Programme. It pursues the formation of subcontracting linkages and chain-networks between larger and smaller businesses in the city.

In recognition of the overlap in functions and objectives of the two organisations, in 1996 a merger between the ZNCC and the CZI was announced.

Indigenous Business Development Centre (IBDC)

The IBDC was established in 1991 as an offspring of the Chamber of Commerce. Its aim is to lobby for and provide support to the indigenous formal business sector in order to integrate this sector in the mainstream economy. Some 600 enterprises are reported to be affiliated, with 20 percent of them involved in manufacturing, 15 percent in transport and 55 percent in the retail business. Though the IBDC is a member of the Development Forum it does not have an active, direct relation with the City Council. An official of the City Council declared he did not see the IBDC as really spearheading local development.

The IBDC has a quite successful business support wing: Business Extension and Advisory Services (BESA), which receives donor funding from various sources. BESA provides business extension and advisory services for starters and more established small enterprises.

Affirmative Action Group (AAG)

The Matabeleland branch of the AAG was established in 1994 and had some 110 members in the province (nationally some 600) in 1996. Though the target group of the IBDC and the AAG is the same, their approach is very different. The IBDC uses the peaceful approach of lobbying at a national level for the enactment of legislation to create a more favourable business environment for the indigenous sector (e.g. by obtaining loans on generous terms). The AAG is generally seen as a more militant exponent of black empowerment. Their demands are quite radical, and range from better access to finance from financial institutions, or preferential allocation of tenders, till the transfer of shares in private companies and multinationals to the indigenous people.

In Bulawayo, during 1996 the disapproval of the AAG's methods reached a peak when its members obstructed the auctioning of properties of one of its bankrupt members. The AAG claimed that it would take the law into its own hands to reverse the liquidation of black owned businesses. This action caused considerable antagonism from other sections of the business and civic society, including the ZNCC and the IBDC. According to some, with this action the AAG even harmed the image of Bulawayo, and they compared the AAG with the old Matabele warriors.

A more constructive action of the AAG was the organisation of a seminar in 1995 in Bulawayo on 'affirmative action', in which senior political and economic leaders participated. Bulawayo City Council was requested to deliver a speech explaining what strategies the City Council employs to advance black business activity in the city.

Financial support agencies

Many commercial banks nowadays have special 'windows' for the indigenous business sector. Barclays Bank provides loans with Dutch donor assistance and the Commercial Bank of Zimbabwe (CBZ) does the same with British funding. Development organisations such as the Zimbabwe Development Corporation (ZDC), the Zimbabwe Women's Financial Trust (ZWFT), the Small Enterprise Development Corporation (SEDCO) and the Zambuco Trust target the lower end of the indigenous business sector.

The Zambuco Trust is a successful example of an organisation providing 'micro-finance' to the indigenous business sector. Since its foundation in 1993 it has disbursed over \$Z 4 million in loans to micro-projects. Over the last two years a revolving fund has been formed generating profits through interest of Z\$ 26 for every Z\$ 100 lent. The Zambuco Trust has been selected as one of the on-lending agencies under the government's new PAAP programme (see chapter 2).

6.1.2 NGOs

For the purpose of this study, two types of NGOs are distinguished in Bulawayo: a large group of 'traditional' NGOs on the one hand, and a small group of 'new generation' NGOs on the other hand.

Most 'traditional' NGOs have a welfare orientation and are engaged in small-scale health, educational and social projects. Most are oriented towards the rural areas and few have an explicit urban focus. Many of the NGOs are branch offices of international or national NGOs, though some truly local NGOs also exist. Critics state that there are too many 'GONGOs' among them; i.e. NGOs that behave fully in line with, or fill the gaps in, government programmes, instead of coming forward with their own alternative development programmes. Most NGOs in this category are associated with the national NGO umbrella organisation NANGO, which was established in 1990. This institution aims to co-ordinate NGO activities, stimulate co-operation and provide members with information. Its Bulawayo office represents registered NGOs in Matabeleland North and South provinces. NANGO never participated in the Development Forum, though the regional director is aware of its existence. As reasons for non-participation he mentioned lack of time and priority. Incidental contacts with the City Council are mostly with the Community Services section.

The NGO community in Bulawayo is negatively affected by the decreasing availability of donor finance, especially for community development activities. NGO representants blame this primarily on competition from South Africa and Mozambique, which would now be more popular in donor circles. For the Bulawayo based NGOs it is anyhow more difficult to access finance than for their counterparts in Harare, who are located close to the main donor agencies and embassies which makes networking and fund-raising easier.

Next to the more traditional NGOs, an alternative NGO sector seems to be emerging. A handful of organisations are in formation, or have just started operating, diverging from the traditional welfare concern and stepping into less traditional areas such as small enterprise support and low-income housing. These 'new generation' NGOs are not associated with NANGO. In fact, the regional representative of NANGO is not even aware of some of these new initiatives. The origins of the 'new generation' NGOs are not always clear, but seem to be a mix of honest social activism, political/ethnic concerns and a fair bit of economic self-interest. All of them, however, are 'Bulawayo bred'. Two examples are provided below.

Micro Enterprise Development Trust (MEDT)

Established by professionals with a background in the co-operatives movement, the MEDT aims to provide support to the informal sector from a holistic perspective. This includes providing businesses with access to training, loans, technical assistance, business space, etc., with the final aim of enabling informal businesses to graduate into the formal sector. When trying to register with the Ministry of Social Welfare - as all NGOs are obliged to do - the MEDT was denied access, as it was seen as an economic institution. In 1995 it was registered as a Trust. An interview mid-1996 made clear that until then no concrete actions had been undertaken, and that the Trust was still in the phase of lobbying for finance, primarily locally but also (inter)nationally.

By the end of 1996 the Trust went into real estate. It was the only interested party in a Bulawayo City Council tender for a market complex along one of the main roads in Bulawayo. The development proposed by the MEDT envisages a multi-purpose commercial centre including wholesale/warehouse space and distribution outlet, ancillary offices, a parking area for push-carts (this was required by the

City Council) and residential accommodation for students and tourists on top of the complex. The latter was denied by the City Council. The stand price was Z\$ 3 million. The Trust went into negotiations with an interested Building Society and the Mining Industry Fund, who were reported to be interested in giving a loan on an equity basis. The income generated from this huge project is expected to provide a capital base for funding other services to the informal sector.

Zimbabwe Investment Lobby Association (ZILA)

ZILA registered in 1996 as a not for profit association under the Companies Act. Its main objective is to assist financially and in kind the less privileged members of society and carry out community development programmes. It also aims to 'redress the government bureaucracy in development work' and 'let the people determine their own priorities'.⁸¹ Though the organisation was founded in Bulawayo, the idea is to open branches in other cities too.

ZILA managed to attract a substantial number of influential local personalities as board members - including senior staff of the City Council. At its establishment early 1995, even the Mayor gave a speech. Contrary to most successful NGOs, which start small and gradually build up, ZILA from the outset put in place a complicated institutional set-up. Its board of Directors consists of 9 persons, and bears little relation to the limited activities carried out so far. The membership fee is 200 Z\$, making membership quite an exclusive affair.

It is difficult to see how far ZILA is a purely development oriented NGO aiming to support the economically weaker sections, or whether at the same time other purposes are pursued. In brochures a wide variety of proposed activities are mentioned. Examples of proposed activities are supporting community banks, taking over firms threatened with closure as a result of ESAP, financing investor groups to travel around the country in order to attract investments, establishing technical training centres, financing counselling programmes for street kids, acquiring property for collateral purposes to assist indigenous businesses without such collateral, etc. Some of these activities suggest a concern with promoting the indigenous business sector in a much broader sense. In interviews with members a touch of regionalism was also felt. ZILA recently applied to be involved in the Development Forum.

Concrete activities carried out so far are diverse. When a Malaysian business delegation visited Bulawayo, the chairwoman of ZILA hosted a reception for them, as it was perceived that traditional economic interest organisations like the ZNCC/CZI were failing to bring them into contact with the indigenous business community in Bulawayo. Of an entirely different nature were some community development initiatives, e.g. supporting sewing and building co-operatives for women, with the support of the UNDP, and intermediation for community groups to obtain land from the City Council. As operations are not documented, it is impossible to assess their impact.

⁸¹ information obtained in an interview with representants of ZILA

6.1.3 CBOs

A variety of special purpose community organisations exist in the city and especially in the high-density areas, revolving around funerals, security, savings clubs, etc. Here a number of city-wide operating CBOs will be described.

BURA

Each of Bulawayo's 51 high-density townships has its residents association which is affiliated to the Bulawayo Residents Association (BURA) as the umbrella organisation at the city level. BURA was founded way back in 1963, and it played an important role for the black community in times when all parties were banned in the 1960s/70s. BURA is unique of its kind in Zimbabwe. Two of Bulawayo's previous Mayors started their career in the Directorate of BURA.

BURA is basically a representative and lobby organisation. It is an active partner of the City Council and frequently comments on Council policy, invited or uninvited. The other way round, BURA also serves as a channel for disseminating information to the townships. Every year BURA is consulted by the City Council on the proposed municipal budget and on proposed increases in charges and rates. Of late BURA seems to have lost some of its influence. One point of criticism is the exclusive focus on the municipal budget, whereas other essential issues in the city - for instance the informal vendors issue - would not be given sufficient attention.

BITA

BITA was founded in 1995 as a representative organisation of informal traders in Bulawayo (this is described in chapter 3). BITA's objectives are: (i) to find suitable trading places; (ii) to protect the image of the informal traders; (iii) to start a programme of training and imparting of skills; (iv) to start a rotating loan scheme at low interest rates. However, as the organisation is still in formation and has been primarily occupied in the negotiations with the City Council on the vendors' relocation, no concrete development activities have been carried out yet. BITA does not have an established office yet.

An example of a fairly innovative community based economic initiative by a group of informal traders is the initiative of the Nkulumane Traders Association - a group of vendors from the Nkulumane area - to establish a wholesale market in the area. So far wholesale markets mainly exist in Bulawayo's inner city and virtually not in the suburbs, adding unnecessary transport costs for the vendors. A request was made to the City Council for land which was honoured. Though the 25 % downpayment was paid to the City Council the rest of the funds still have to be raised.

Retrenchees organisations

A new form of community organisation has emerged since ESAP was launched and retrenchments became the order of the day. In October 1996 in Harare the Retrenchees Entrepreneurship Development Association (REDA) was launched, as an umbrella and lobbying organisation for the variety of initiatives carried out by retrenchees in the country. Frequently retrenched employees pool their terminal benefits and set up co-operative businesses.

One unsuccessful example of such an initiative in Bulawayo is the creation of the Zimbabwe Clothing Co-operative. This was a joint initiative of 100 ex-workers of the Bulawayo Clothing factory, which folded up in May 96. Unfortunately the initiative ran into severe financial problems shortly after the start.

Another initiative was started by retrenched employees of the Merlin company. Merlin Limited Company is one of the biggest towel producers in Southern Africa. Its market comprised the entire SADCC area. In 1996 the company had to succumb to the economic malaise by going into liquidation, laying off a thousand workers. The Merlin Workers' Welfare Fund, a welfare association of the company's workers looked into ways of alleviating the impact on 500 retrenched members. A project proposal was prepared for establishing a wholesale centre in the city, which was to be operated on the basis of a workers co-operative as a company limited by guarantee. Members of the Fund would be able to obtain commodities at a reasonable price, and the profits would be shared to give some income to the retrenched workers.

However, by late 1996 nothing had materialised yet, due to a number of problems. In the first place commitment decreased as many members moved to other (rural) areas or found alternative employment. Secondly, the lengthy arbitration process for deciding on the retrenchment packages (performed by the Ministry of Labour) led to diminished real value packages in the end. In addition, a meagre retirement package was offered to the workers by their insurance company under the joint contributory pension scheme. Finally, the Fund had difficulties finding finance for a large scale project by a clientele without any proven entrepreneurial background or a real bankable business idea.

Due to the delay, a sub-group of 12 retrenchees started an alternative project. They established a transport co-operative which should assure quick returns. The co-operative applied to the City Council for a permit to operate 3 omnibuses with 18 seats for public transport. A favourable response for two of them was received. Those 2 omnibuses will serve the CBD-Cowdray Park route. This suburb is currently being developed with about 20,000 housing units and a planned population of 140 thousand people. The group, which had benefited from Merlin's employees housing scheme approached a financial institution for a loan to buy two mini-buses. At the same time they asked the City Council for title deeds to their houses, which could be used as collateral. Though the City Council agreed, some 6 months were needed to obtain tenure, and some 2 more months to obtain the loan from SEDCO. The venture should be off the ground by early 1997.

6.2 Public private partnerships

In this section two partnership initiatives in Bulawayo will be analysed, which have been or will be consequential for the city's economic development. The first - extended - one is the united civic action as a response to the water crisis in 1991/92. The second example concerns the recent collaboration of Bulawayo City Council with a Malaysian/ Zimbabwean business consortium for the construction of housing and building materials in the city. As this collaboration only was in an infancy stage by the end of 1996, information is limited.

These examples are not a selection of the many initiatives in the city but rather the only significant initiatives encountered in which the public and private sectors

have joined to pursue a common economic interest, and are/were both actively involved. The initiative of the Development Forum, described in chapter 3, might be considered as a third example though the initiative is more discussion than action oriented.

6.2.1 Civic action as a response to the water crisis⁸²

Background

Bulawayo is located in a region with fairly low rainfall (450-600 mm. per year) and is subjected to frequent droughts. Carry-over dams to store water from good years for use in poor years are required.

Prior to the enactment of the 1976 Water Act, all Zimbabwean towns assumed responsibility for the provision of their own water supplies. The new Act vested responsibility for dam provision in the central government, while municipalities were only responsible for water-works and supply pipelines. Until 1976 Bulawayo City Council, at its own expenses, and in anticipation of demand increases, had implemented a programme of dam construction in line with projected urban growth. However, for the next 17 years there was no established programme to maintain water supply to the city. This happened in spite of many appeals from the City Council to the central government to augment water supplies. The city's population almost doubled in the period 1975-1991 and industrial activity expanded considerably.⁸³

The period 1991/92 was the fourth successive season of drought and two of the city's five supply dams ran out of water, with the usable capacity in the remaining three dams equalling a mere 9 per cent of the normal storage capacity. Thousands of people moved into the city from the drought stricken rural areas, and the city reached a population of well over a million. A situation of crisis emerged.

At the height of the crisis in 1992 Bulawayo was considered a dying city, with a real risk of its entire population having to be relocated to other parts of the country. The citizens of Bulawayo were counting the days until the water would run out. Water based industries started making contingency plans to relocate their operations or had to close down altogether. Workers were laid off as industrial expansion was curtailed. Major proposed national and international investments in the city were cancelled since, as a local businessman stated, "... nobody in his right mind would advise a foreign investor to think about locating his factory in Matabeleland".

City Council - civic efforts to face the water crisis

Bulawayo City Council undertook various measures to counter the water crisis. In the first place it launched a massive campaign at an early stage to educate the public on the need to save water. The Mayor made appeals through the printed media, on radio and television. A weekly "Bulawayo Must Live" campaign was mounted on television, to urge the citizens to save every drop of water. Costs were met by two industrial companies in the city. A hilarious moment was the daily 'big

⁸² all information without a reference source is obtained through interviews

⁸³ Nel and Berry, 1993

flush', when the programme urged every citizen to flush the loo at 7.00 a.m. and 9.00 p.m., to get the sewers back into good working order.

In January 1991, in anticipation of the crisis, the City Council had introduced water rationing, with domestic water allowance set at 600 litres per household per day. By March 1992 this was reduced to 300 litres per day, and supply to industry was cut to 50 percent of its normal usage. To enforce rationing penalties for excess consumption were introduced and persistent excess supply led to cutting of supplies. The above measures were quite effective. While consumption was at an average of 150,000 m³ /day in October 1990, by December 1992 it had gone down to 57,000 m³ /day.

At the height of the crisis the City Council even considered disconnecting all household water connections and substitute them with street standpipes.⁸⁴ As a last resort the City Council embarked on a large scale urban borehole drilling scheme. On Council land 265 sites were drilled and 58 of these were fitted with hand pumps. 22 elevated tanks were constructed with the intention of fitting electric pumps for gravity feeding. However, this contingency system was not resorted to in the end, as rains started falling. The city was saved, for the time being.

Civic action - the Matabeleland Zambesi Water Trust

At the outset of the crisis, in early 1991, a number of local political and civic initiatives emerged in order to advocate to the central government a solution to the water crisis. The most significant one in terms of impact was the foundation of the Matabeleland Zambesi Water Project. This initiative was the brainchild of a Councillor, the Governor of the province and some representatives of the local business community. Their aim was to pursue the recommendations of a South African company which had checked the feasibility of constructing a pipeline to the Zambesi river. The consultancy firm claimed that at a cost of Z\$ 1 billion⁸⁵, the project could be implemented within 12 months.

The concept of looking to the Zambezi river as the salvation of the city dates back to the 1930s. Successive governments had tasked committees to investigate a Zambesi pipeline connection. All these committees reported that such a scheme would take a long time to construct and because of the high costs could not be afforded by the end users. The pipeline would need to be 360 km. long, while the gradient difference is a significant 1000 m.⁸⁶

Shortly after its foundation, the MZWP was changed into a Trust. The aim of this Trust fund was to instigate fund-raising activities and encourage support both within and outside the country for Bulawayo's water problem. The campaign, supported by Bulawayo City Council, was extremely succesful and the story of Bulawayo's water crisis spread all over the world. In Zimbabwe individuals, groups, industrial and commercial organisations made voluntary donations and the MZWP quickly realised Z\$ 8 million⁸⁷ in cash and pledges. Some Z\$ 3.5 was used to fund 25 % of the costs of a feasibility study into a possible pipeline project by a Swedish consultant. The other part was financed by the Swedish development organisation SIDA. Tickets for MZWT representatives to Europe were donated by

⁸⁴ the Economist, January 1992

⁸⁵ US\$ 200 million

⁸⁶ Nel and Berry, 1993

⁸⁷ US\$ 1.5 million

British Airways. During that time the environmental summit in Rio de Janeiro was held, where Bulawayo won the 'award for united citizen action' for its concerted action to fight the water crisis.

The mobilisation of funding could have been even more successful if the government had not refused to give the proposed Zambesi pipeline project national status.⁸⁸ At least seven western nations promised financial aid if the project was recognised as a national crisis. Also the World Bank was interested. However, even when the city had sufficient water for only 14 weeks left, the Ministry of Energy and water Resources and Development (MEWRD) claimed that "...the water position in Bulawayo as the MEWRD sees it is very serious but not critical".⁸⁹

At the same time, the MZWP initiative was threatened from another direction. As one of the founders stated '... the success of MZWP got a bit out of hand'. Most likely this is the reason why in 1993 local MPs started to criticise the MZWP. They obviously felt excluded from publicity whereas the public criticised them for their inertia. The politicians claimed that the MZWP was usurping its functions, and that it was not representative enough. The project should be expanded to include government representatives. Most members of the MZWP took a pragmatic stance and were willing to accept this, recognising the advantages. However, some members were uncompromising and resisted what they called the 'political hijacking'. As a result, in September 1993 the critics formed a new body; the Matabeleland Zambesi Water Trust (MZWT) which basically replaced the old MZWP. Some members of the old MZWP joined this new body and the membership of the new Trust became very broad. Feelings about the new Trust are mixed. Some claim that this is indeed a more representative body. Others claim that though the Trust has a broader membership, the real actors are a tight group with vested interests.

Nevertheless, over time the new Trust came to be accepted as the main body representing Bulawayo's fight for water. It obtained advice from a UNDP consultant and the City Council donated office space. However, since 1993 many years have passed without concrete action.

By the end of 1996 the second phase of the feasibility study by the Swedish consultant was rounded off. From the report it appeared that a direct link to the Zambesi is too expensive. Instead, the report favours the building of a pipeline to the Zambesi in stages over a 34 year period and estimates the cost to be at Z\$6.7 billion. The first stage - construction of the Gwayi-Shangani dam - which would meet the water needs of Matabeleland North until 2030, should be carried out from 1997-2003 at a cost of US\$ 430. The final link to the Zambesi, which is to be constructed afterwards would require an additional US\$ 110 million. It is expected that the project will generate substantial new tourism and agricultural potentials, which can cover part of the costs.

This proposal is in line with the government's position, which has always opposed a direct pipeline to the Zambesi. It has now fully approved the project. However, the government claims it can only contribute about 20 % of the costs as total costs equal the entire national capital budget for the year 1995/1996. In line with the emerging policy of more private sector involvement in infrastructure investments,

⁸⁸ This was required as all international financial negotiations had to be handled by the central government

⁸⁹ Nel and Berry, 1993

the government has suggested that the project be financed under the Build, Own, Operate, and Transfer system (BOOT system). In order to serve as a joint-venture partner in a possible BOOT deal, the MZWT registered itself as a private company with shares in the stock market. Funds should be raised from donors as well as private finance. In November 1996 the MZWT declared it wanted to raise 700 million Z\$ locally as equity capital, before approaching the international community. A promotion video, to be distributed to networks all over the world in order to raise funds, was under preparation.

Specific modalities for the implementation and post-implementation phase of the project have yet to be discussed. By the end of 1996 rumours abounded that the Malaysians would be interested in partly financing the project, offering a 20 year freeze of water tariffs. It is expected that the construction of the Gwayi-Shangani dam and the water transfer system of pipelines, will considerably boost the local economy in terms of labour and materials needed. On the other hand, an increase in water tariffs is expected.

The role of the public sector

The failure of the central government to properly plan for Bulawayo's water needs, has created a lot of anger and indignation at the local level. Negative feelings were strengthened through the long delay by the government in according the proposed pipeline project a national status. Even the foreign currency originally requested in 1983 for the very urgent new pipelines from the Ncema dam, was only granted in 1990.

Bulawayo City Council has assumed a rather pragmatic role in the water crisis. At an early stage is imposed far-reaching rationing measures, without which problems might have been even more severe. Some people also praise the Council's diplomatic role in facilitating actions by private parties and residents, pointing to the fact that the hands and feet of the City Council were tied with respect to playing a more active role. However, recently some Councillors have criticised the role of the City Council as being too passive, collaborating insufficiently with the MWZT to find long-term solutions.

6.2.2 Public private partnership with Malaysian investors

In 1996 Bulawayo City Council signed an agreement for the construction of 10,000 low cost housing units in Cowdray Park with a Malaysian/Zimbabwean business consortium, whereby the Council will deliver the land. The units are to be constructed over a period of 15 years, with 4,000 units to be delivered in the first 3 years. The construction is expected to provide some 15,000 man-months employment in the city. By embarking on this venture, the City Council is the first local government in Zimbabwe to bring in the private sector on such a large scale.

The Z\$ 500 million deal in Bulawayo is part of a proposed Z\$ 5 billion investment package by Zimbabwe-Malaysia Holdings (ZimMal Holdings). The overall deal was signed by President Mugabe and Malaysia's foreign minister. Established in November 1995, ZimMal Holdings has proposed projects in the construction, mining and transport sectors. The housing project is part of a protocol signed between ZimMal and Bulawayo City Council for wider collaboration. It also includes a Z\$ 10 million brick factory to serve the housing project with bricks.

The reason why Bulawayo is the first city to benefit from the investments of ZimMal is not fully clear. However, the fact that the chief-executive from the Zimbabwean side is an influential Bulawayo based businessman, with many foreign and national political connections, may have played a conclusive role. ZimMal also expects to conclude agreements with Masvingo, Gwanda and Plumtree.

Some people in the city are quite sceptical about the undertaking, and in particular question the capacity and skills of the City Council to achieve a satisfactory result in such a new and large scale venture. Various persons criticised the City Council for not having consulted any civic organisation on their intention to enter into this deal.

6.3 Conclusions

In the first part of this chapter the activities of the private sector, in support of local economic development in Bulawayo, have been reviewed. Economic interest groups appear to be organised on the basis of business sectors and business size/ racial lines. No clear leadership could be identified among the four main organisations. Initiatives to represent and assist the local business community appear to be fragmented. Communication and collaboration between the different organisations is limited, and an overlap in activities occurs. This applies for instance to the activities of the associated business support units, which basically target a similar client group.

Relations of the economic interest groups with the City Council range from good to reasonable. Public private relations in the city are mostly limited to the level of discussions, for instance in the Development Forum. Though the private sector is consulted, or contacts the City Council, on one-time issues, no involvement in more fundamental Council decisions on local development takes place. A lot of scope for collaboration exists, especially to better co-ordinate ongoing activities. At present, a solid public private 'coalition' for the development of the city is still absent.

Limited interaction exists between the City Council and NGOs with an economic focus in the city. First of all there are very few NGOs with an explicit aim to support small scale business activity. Only two fairly new NGOs with such a concern were identified. Both are still of an emerging and pioneering nature, without a consolidated strategy yet, and with limited transparency of operations and lack of clarity on their impact. On the other hand, it is encouraging that such initiatives are emerging, uniting a group of people with vision, and commitment to further the local businesses community.

Also in the CBO sector, new organisations centering around income and employment are emerging. This could be interpreted as a sign that the 'new economic groups', such as informal street or market vendors, no longer feel adequately represented by traditional economic interest groups or labour unions.

Two examples of public private partnerships were described, of a quite different nature, though in both cases the involvement of the private sector in providing infrastructure is at stake. The first one concerned the united civic and City Council action to face the water crisis, after the government had failed to properly organise the water supply to the city. At present the necessary infrastructure is pursued by

using the fairly new BOOT mechanism, bringing in the private sector to finance the project. The second example is a recent case in which the City Council embarked on a joint-venture deal with a Zimbabwean-Malaysian enterprise for the construction of housing - an investment of three times the yearly municipal capital budget. This is quite an innovative action of the City Council. If successful, it may trigger more private investments in the city in the future. On the other hand, the outcome of the deal is still not clear.

7 Conclusions

7.1 Overview of Research Findings

This report has dealt with 5 sets of research questions on economic restructuring and local institutional response, in the setting of Bulawayo. It was concluded in the report that Bulawayo has ‘locked up’ economic potential. In view of the population growth of the city, the loss of employment in the secondary economic sectors due to economic restructuring, and the need for improving the economic welfare of the citizens, Bulawayo City Council should take the lead in stimulating the performance of Bulawayo’s economy. The central government is rather pursuing general policy measures to create a more enabling economic environment in the country, and is not particularly concerned with Bulawayo’s economic situation. However, the City Council, profiling itself as a forward looking Council, and generally seen as an efficient organisation, is said to be rather conventional in its interpretation of local government tasks, and has so far not fully taken up the planning and co-ordination role for local economic development.

With regards to the research questions, the main findings of the report are summarised in table 7.1

Table 7.1 Research Findings

question	conclusion
public policies for economic development	BCC has no consistent LED policy. It lacks a proper data base. BCC is not sufficiently responsive to the private sector. Central Gov’t policy framework and (financial) development support is inadequate.
local government capacity to respond to economic challenges	The institutional set-up and capacity in BCC for fostering economic development is, despite recent efforts in the right direction, still inadequate. Attitudes are still rather conventional.
partnerships for fostering LED	confined to discussions. BCC has limited practice of consulting and working together with private and civic sectors.
economic restructuring and the planning / regulatory framework	focus on physical planning. Still limited concern for strategic planning and policy formulation. Progress is being made in regulatory reform.
land and asset management	provision of land and business space is adequate, but could be more pro-active. Revision of standards and monitoring is needed.

7.2 The Research Conclusions in Detail

Urban economic restructuring

For many decades Bulawayo has been the industrial hub of the country. Its thriving local economy underwent steady growth and expansion. However, since the early 1990s economic growth has stagnated. Bulawayo's share in national industrial output declined from 32 % in 1979 to 25 % in 1995. Formal employment decreased by 8 % between 1990 and 1996, against a yearly population increase of 5 %. This has resulted in growing unemployment, informalisation of economic activity and poverty. A number of factors causing this economic decline are identified.

a) economic reform

After independence the economy was highly regulated. Businesses suffered from a lack of imports, but were protected from competition on the other hand. From 1991 onwards Zimbabwe has been exposed to an economic policy reform programme (ESAP) for more market-led economic development. Public expenditures were reduced through strong austerity measures, trade was liberalised and the economy was deregulated. Short term impacts on Bulawayo's local economy have been basically negative. Due to high interest rates most businesses were unable to benefit from the in principle improved business climate. The removal of import duties suddenly exposed Bulawayo's manufacturers to cheaper and/or higher quality imports. Competition has been particularly strong in the textiles and clothing manufacturing sector. Finally, a trade conflict with South Africa limited export opportunities.

b) climate conditions

The negative impact of economic reform was exacerbated by the major 1991-1992 and minor 1993-1994 droughts. Bulawayo is located in the drought-prone Matabeleland Province. Climate conditions are very influential for the local economy as they determine agricultural conditions in the region, and thereby regional spending power. Inhabitants of the rural surroundings make up a substantial part of the demand for goods and services in the city.

c) the water crisis

In the drought period 1991-1992 Bulawayo experienced a shortage of water which for a while threatened the very survival of the city. This crisis has been very harmful to the local economy. Moreover, in 1996 Bulawayo still had not shed the stigma of a city with an insecure economic future, discouraging potential investors. Water consumption is still rationed by the City Council. The fundamental cause of the crisis was the neglect of central government in making timely investments in increasing the water capacity of the city.

d) political history

The city has also suffered from regional-political contradictions. Bulawayo, and Matabeleland in general, are the home of the political opposition faction of the ZAPU which, until 1987, was engaged in a struggle with the Harare-based, ruling ZANU party. As a consequence the city has been deprived of public development

plans or projects for a long time, including a lasting solution for the city's water crisis. Moreover, the city has suffered from the excessive centralisation of power in Harare after independence. As all decisions had to be approved by central government and foreign currency was cleared in Harare, many firms (re)located in Harare.

In the first chapter it was suggested that urban economic restructuring is either caused by (i) externally induced restructuring forces; i.e. globalisation processes and (inter)national economic policy, and (ii) the local configuration, consisting of existing social, economic, institutional and physical conditions in the city. The more integrated a local economy is in the world economy, the more impact externally induced forces will have. Though in the case of Bulawayo the externally induced reform programme has impacted significantly on the local economy, it can be concluded that the local configuration has also played an important part in economic decline.

Economic potentials

In spite of the above mentioned weaknesses, Bulawayo is reasonably equipped for economic growth. The question is how to 'unlock' its potentials.

Bulawayo's strengths are undoubtedly its strategic location, its well planned fabric, with good infrastructure, (still) limited congestion and a relatively high quality of life. Bulawayo City Council is widely known as a competent and efficient local government. Bulawayo's reputation as an industrial and commercial centre, with good supportive facilities and institutions, is strong.

Most productive services are adequate, with minor exceptions. Road and rail connections are very good, though the quality and capacity of the airport need to be urgently improved. The only international flight was actually cancelled in 1996. Though operating with a backlog, the City Council has made substantial efforts to provide low income housing. In spite of an emerging shortage of up-market housing, prices are still only half of those in Harare. Both low skilled and high skilled labour is abundant. Bulawayo has major higher education institutes among which is the Technical University, the graduates of which are considered well prepared for the labour market. Electricity provision is reasonable in terms of service and capacity. Bulawayo is located in-between major tourist areas and has a lot of untapped tourism potential which, if seriously exploited, could be a major income and employment generator for the city. This would imply strengthening the city's tourist facilities and attractions, and especially marketing efforts.

The two main weaknesses in terms of productive services are obviously telecommunications and water supply. The first one is a national problem, though its impact on Bulawayo, as a secondary city, is particularly forceful. The lack of a permanent solution to the city's lack of water is still detrimental to local investment opportunities, though it seems that such a solution is now getting closer.

Current neo-liberal thinking emphasises the short-term nature of problems associated with economic reform. In the long run enterprises and households should be able to benefit from the improved economic climate. Whether the economic environment of Bulawayo will considerably improve in a few years time is difficult to foresee. Nevertheless, in 1996 optimism prevailed in Zimbabwe.

This was fuelled by a good rainy season, the long-awaited signing of the trade agreement with South Africa, and a slight drop of the interest rate. Whether Bulawayo will witness a full revival of the manufacturing sector, is to be doubted. In the meantime, it is necessary to pay due attention to the 'new' economic activities, which have also emerged since the early 1990s. Sectors such as commercial and personal services, tourism, commuter transport, and (food) retail, certainly need attention and support. To a large extent economic revival depends on macro-economic factors. However, it also depends on whether the City Council and the private sector will take advantage of the improved business climate.

The question is whether Bulawayo can generate sufficient new investments and employment in the future to compensate for the losses of the past. Is it able to strengthen its potentials and overcome its weaknesses? This question leads to the research questions, which all evolve around the local response capacity to cope with urban economic restructuring.

Research question 1 Public policies for economic development

Direct activity by central government is limited in Bulawayo, and the City Council is the main regulatory and development agent in the city. Still, a number of public policies are consequential for development in the city.

Policy framework for local governance. A clear urban policy is absent in Zimbabwe. The most important Ministry providing policy guidance to local authorities is the Ministry of LGRUD. Recent changes in the Urban Councils Act stipulate that local governments should play a more decisive role in promoting local development. However, whereas central government gives directives to local governments on local development matters, the impression is that insufficient development support and financial leeway is provided to secure effective implementation. This applies for instance to the introduction of the strategic planning approach, the export processing zones and deregulation proposals. The involvement of local governments in policy formulation is still limited. This applies for instance to the Vision 2020 planning effort, and the work of the Deregulation Committee. Financial resources obtained from central government have dwindled over the years, in spite of increased responsibilities.

Facilitation of local investments. The economic policy reform has greatly improved opportunities for local investments. In 1995 the Zimbabwe Investment Center was established in Bulawayo to allow for decentralised decision making. Bulawayo has recently been able to secure considerable investments through a Zimbabwean/Malaysian business deal, which fits in with the policy line of public-private partnerships. Policy adjustment to allow such investments will also enable the city to realise the long awaited Zambesi pipeline, which central government is unable to provide. The question is now whether the Bulawayo partners will undertake enough efforts to attract more inward investment, exploiting the Malaysian deal as a precedent. Also the new national policy of export processing zones is presumed to benefit the local economy, though this is doubted by some.

Facilitation of business activity. A major objective of the economic reform policy was to stimulate economic activity, in particular in the small and medium sized enterprise sector. Legal reforms to create a more enabling business environment have been carried through, though government development support to the sector is limited. To fill that gap, a multiplicity of private organisations have become

concerned with supporting the small and medium sized enterprise sector, often with little co-ordination in their activities. The political contradictions surrounding the 'indigenisation' drive seem to hinder a concerted effort to advance the indigenous business sector.

Social safety net/poverty alleviation. In 1992 the central government set up the Social Dimensions Programme, as a social safety net for the short term negative impacts of ESAP. The social support component has appeared to be ineffective, and the success of the employment component has also been limited. Till 1996 only 150 persons had obtained a loan in Bulawayo under the component aiming to turn retrenched workers into small scale entrepreneurs. Weaknesses of the programme include a strong supply orientation, lack of monitoring and lack of involvement of local actors. Efforts by central government to address more structural poverty at the local level have been limited. In order to increase policy impact, and include a broader poverty concern, a new Poverty Alleviation Action Plan was designed, which is not yet operational. While planned to take off in 1997, most local institutions were not aware of this programme by the end of 1996.

Research question 2 Local government capacity

The awareness of a decline of investments and employment generation, and the need for action to redress this trend, is certainly present within the Bulawayo City Council. Investment promotion figures as one of the key priorities in the 1996/1997 'integrated corporate budget'. Over the years, the City Council has undertaken a number of policy measures to promote local economic development.

In 1995 an Economic Development Officer was appointed in order to act as a 'one-stop-office' for prospective investors. This officer works in close liaison with the Zimbabwe Investment Center. In 1994 a public-private think tank was established, tasked to discuss strategies for revitalising the local economy: the Development Forum. After a somewhat unclear and ineffective start-up, the Forum was recently revived. Recent actions have been encouraging and topics on the agenda are innovative and of crucial importance for the future of the city.

Promotion of the city is also pursued by the City Council. This is quite a challenge in view of the stigma associated with the water shortage. It therefore calls for an innovative - aggressive - approach, and requires deliberation on the profile of the city, and the target group of the promotion. Bulawayo is still too modest in profiling itself and has hardly gone beyond traditional promotion strategies. For instance, few concerted efforts are directed at promoting the city in South Africa, in spite of its strategic location. Bulawayo should bank on its image of a city with a solid business climate and high quality of life, and try to shake off its conservative image.

In 1995 Bulawayo City Council put in place an investment incentives policy, consisting of rebates on land, rates, water and development costs. Incentives are for the large scale as well as the small and medium sized enterprise sector. The effectiveness of investment incentives has been widely debated. On the one hand it deprives the City Council of income and there is also a tendency for cities to outbid each other, which in the end may nullify the positive effects. This tendency is certainly present in Zimbabwe. Hence, the monitoring of such a policy would be much needed but seems to be sorely lacking in Bulawayo. In any case, in a situation of countrywide incentives, other attraction factors of Bulawayo, such as

the broader productive environment, become all the more important. It may be wiser for Bulawayo to bank on the latter than rely purely on investment incentives.

Part of the broader productive environment may be the further streamlining of procedures. The establishment of the Finance and Development committee has caused progress in this field. However, the City Council is still accused of too much 'paper shuffling', associated with its conventional approach towards development, and more red tape can still be cut. This applies not only to assisting big investors establishing in the city, but applies equally to deregulation for micro and small scale enterprises.

Finally, support for the informal sector and poverty alleviation is limited. This is understandable in view of the limited resources available. The creation of space for micro enterprises, the urban agriculture policy and community based training activities are good steps. Perhaps a stronger impact could be made by teaming up with private organisations in the city.

In the first chapter it was stated that whether local governments assume responsibility for local economic development, and in what form this occurs, i.e. the 'response capacity', is influenced by a number of attributes of local government. These attributes will be briefly reviewed, including the City Council's 'score' on each of them.

1. level of decentralisation Urban authorities in Zimbabwe have a high degree of financial self-sufficiency and autonomy. This is backed up by political and administrative autonomy.
2. political context -
political coalition versus
political fragmentation The dominance of one political party in Zimbabwe is clearly advantageous for local political stability and continuity. Recent conflicts in other cities over independent politicians have not yet affected Bulawayo.
3. assignment of
responsibility for local
economic development -
local discretion Promoting local economic development is not an explicit statutory responsibility, though most urban councils are involved in investment promotion. Limited policy guidance from central government on urban (economic) development exists.
4. internal organisation of
local government -
sectorally fragmented
versus integrative structure The administrative structure in a way still reflects traditional technocratic concerns. Sectoral fragmentation exists, though not excessively. Urban planning has a subordinate position, and a development planning and policy unit is missing.
5. local financial capacity Already for years the BCC has been faced with a declining income. This leaves little space for major expenditures on economic policy.
6. attitude of
management/commitment Bulawayo is technically well managed though it has more difficulty in coping with the exigencies of modern times. The image of 'solid city administrators' still often prevails over that of 'urban managers'

7. capability staff/ human resource development levels	Staff are well qualified. Salaries are reasonable and little corruption exists. The biggest handicap for the council is probably lack of staff, and this may further deteriorate in the future.
8. strength of the private sector - PPP	See below.

The above attributes of Bulawayo City Council are helpful in explaining the attitude and response towards economic restructuring. Due to the limited resources local government has taken a pragmatic approach to local economic promotion, with low-cost interventions. Inward investment promotion receives a lot of attention, and there is less concern with existing business activity. It should be acknowledged that the somewhat conservative attitude of the City Councillors has served as an obstacle to a more pro-active and forward looking role for the city management. Though each of the earlier mentioned policy measures in itself is valuable, it is suggested here that a consistent economic strategy, and a supportive institutional framework are still absent.

Research question 3 Partnerships for local economic development

Bulawayo is characterised by a fairly loose-jointed coalition of local government, business community and civic leadership. This coalition basically involves a small group of people. The strong unity experienced at the time of the water crisis seems to have faded under adverse economic conditions. The morale of the business community is reported to be quite low, though willingness to co-operate is there. Existing contradictions in the business community basically relate to race and differing ideas on how to pursue indigenisation, and would need to be harmonised for profiling Bulawayo.

Times have changed and the City Council can no longer take care of city development on its own. As the role of the private sector has increased, there is more need to involve this sector in city development. This could stimulate a sense of belonging/togetherness.

Quite a number of economic interest organisations and business support institutions are active in Bulawayo. Each of them is doing valuable work for a sector of the business community, such as lobbying, information, advice and financial support. However, their activities are characterised by lack of co-ordination and fragmentation. A striking example is the development of business incubators, which was found to be proposed by four different organisations at the same time, without knowledge of each others initiatives.

In this situation it is essential for the local government to assume a strong leadership role, in order to create unity and try to channel energy towards the common goal of reviving the economic fortunes of the city. The local economy can significantly benefit from such co-ordination, by optimising information flows, by representation of Bulawayo's business community towards the central government, and by joint activities. The existing Development Forum is a logical platform for the generation and stimulation of ideas, but less for co-ordination purposes. It has a bias towards new investments, and so far pays insufficient

attention to the needs of existing businesses, especially the smaller scale enterprises. Besides, it mainly focuses on what the City Council can do, but less on what other organisations can contribute. Discussions have mainly focused on well defined new topics and the Forum has not been used to consult the private sector on more fundamental planning and management issues in the city. These may be less obvious, but nevertheless essential for local economic welfare. Also planning should be transparent in order to gain confidence from the business sector. Often the Council's position is unclear and policies/projects remain undocumented.

Finally, public private partnerships should not only be limited to discussion, but also result in concrete action. So far the city has experienced few actions in which the City Council and private organisations have pooled their resources to achieve a common aim. The positive experience of the Malaysian investments acquired via local connections, warrants close collaboration with the local business community in order to tap additional investments.

Research question 4 Economic restructuring and the planning regulatory framework

Planning is carried out by the Town Planning branch, which also has partial responsibility for land management. The Town Planning branch has a strong physical planning orientation. It is felt that the position and staff numbers do not reflect the strategic importance of planning for the city. The more so since the Town Planning branch is increasingly requested to be involved in policy preparation and planning functions, for which it seems to be insufficiently equipped.

Bulawayo developed its first Master Plan in 1983. A revision of the Plan - which is urgently required - has incurred many years of delay but is likely to be finalised by the end of 1997. The new Master Plan will be substantially modernised. This includes a more flexible and integrative approach, incorporating the new development challenges of the nineties, such as the informal sector, public transport, etc. Next to the Master Plan a variety of (physically oriented) Local Plans exist for particular areas.

Though the Master and Local plans have been effective as land-use and development control instruments, in their current form they may be less appropriate to guide the future development of the city. Physical plans need to be complemented by development policies/plans, which also contain qualitative proposals and modalities for investment and implementation. Recently the City Council proposed the introduction of a more strategic form of planning. As a lead in to a longer-term Strategic Plan for the city, an 'integrated corporate budget' for 1996/1997 was prepared, identifying policy priorities and prioritising investment needs.

Research question 5 Economic restructuring and land/asset management

Most land for industrial use in the city is supplied by the City Council. Though a large amount (1013 ha.) was reserved in the 1983 Master Plan, in 1996 about 20 % of this had been serviced. Problems experienced in servicing land are a lack of funds, the complicated financial planning process, delays in land surveying, and

staff constraints. Next to these problems, the economic decline in the city has allowed servicing to slow down over the last years.

Opinions on the availability of land are divided. The BCC states that sufficient unserviced and serviced land is still available, though not abundantly. According to the real estate sector there is an insufficiently diversified supply of land. Most future serviced land is planned in the peripheral NW Commonage location, at considerable distance from the city center. If BCC is serious about attracting/promoting business activity, for instance higher value added business, or relocated business from Europe, a more diversified supply of land - in different locations and of different standards - could indeed be important. The provision of space in the infill areas and the establishment of the office industrial park are good moves towards such a diversified supply, through the densification of existing space.

Planning of land for industrial use does not take place on the basis of essential market information. The BCC is not maintaining an updated waiting list or statistics of demand and allocation of land based on sizes, location, and sort of business.

From the 1990s onwards most stands serviced by the City Council were targeted at the MSE sector. This has been a forward looking action. The stands have been very popular with indigenous entrepreneurs and have been rapidly taken up. However, in the three major MSE industrial areas some 40 % of the stands remains undeveloped. Valuable serviced land is frozen, often without proper payment, and repossession has often been difficult. Basically the same situation exists for the service-industrial stands in the townships. Though this problem seems to be mostly related to the adverse economic climate, possible solutions from the side of the BCC may be increased opportunity for 'lease with option to buy', lowering of off- and on-plot standards, and downsizing plot sizes for part of the area. The proposed employment creation zones, with such adjusted standards and sizes, seem to fulfil a real demand. the City Council might also consider more intensive screening and monitoring of clients. In doing so, it could liaise with existing business support agencies. The planned provision of factory shells seems to fulfil a very urgent need.

Economic reform has also affected the property market. Whereas in Harare the construction of office space has boomed over recent years, in Bulawayo there has been remarkably little development. Due to the attractive money market and low returns investors have been reluctant to invest in property. As a result, small scale office space is especially in high demand (both for upper and lower market segments). This should lead to increased investment in office space in the near future. In parallel, the conversion of residential into office/workshop space in the fringes of the CBD has soared, which the City Council has in general facilitated. The trend of relocation of the industrial/ commercial functions to the suburbs has not yet set in in Bulawayo. Should this occur, the conversion of empty buildings for small office/workshop space might be considered.

The development of retail space has been more dynamic over the recent years. The arrival of many foreign (franchise) enterprises has certainly been a stimulus to this development. New commercial centres have been established in the suburbs and the CBD. Though Bulawayo contains a fair amount of retail space, most of it is outdated. So far the efforts of the City Council to modernise the city center have

not been very successful. Nevertheless, more concern for creating an attractive city center, and the supply of sufficient office space might be important in the long run.

7.3 Recommended Framework for local economic development

It was advocated before that the City Council take up a leadership role for the economic future of the city. In view of the limited resources of the City Council the most appropriate role would be to:

- provide leadership for the economic future;
- co-ordinate economic development activities in the city and act as a 'catalyst' to mobilise funds of other actors to pursue joint objectives;
- integrate their own interventions and put them together in an economic development policy framework. Strengthen an appropriate institutional base;
- generate and disseminate information for local economic development.

Policy integration

The policy instruments that are presently used, are poorly integrated. It is advised that the City Council prepares an Economic Strategy Paper. This is not necessarily a costly or time-consuming exercise. It basically implies integrating all policy measures, plans, directives, initiatives, etc. which are presently active. Through integration, synergy can be achieved.

Present economic policy is strongly oriented at attracting inward investments. However, an economic policy is basically a mix of direct activities, in the field of business support, planning, training, etc. and indirect policy through stimulating the broader productive environment (including land and investment incentives).

The preparation of an economic strategy would see the involvement of the city's business community - formal and informal. Ideally, the strategy would obtain consensus and could function as a guide, not only for the City Council, but also for existing businesses and new investors. Such a strategy, showing the Councils commitment, may be more convincing than nice brochures.

Institutional responsibility for local economic development

No specific departmental responsibility exists for economic development, assuming that economic development is wider than investment promotion only. Investment promotion is the task of the EDO, whereas city planning and land management are dispersed over various departments/sections. Earlier the capacity of the present Town Planning branch for dealing with inter-disciplinary planning and policy issues was questioned. A new 'strategic planning unit' has been proposed to become part of the Town Clerks department. So far, proper co-ordination between all these elements of local economic development is missing. To overcome this, the role of the EDO may be reconsidered.

Micro and small scale economic sector

More attention could still be given to the micro and small scale economic sector. In the 1996/1997 'integrated corporate budget' the promotion of the informal sector, and the support and encouragement of linkages with the informal sector was given priority. However, policy initiatives to support the sector - preferential tendering, urban agriculture, provision of land and business space - are dispersed. While being an important contributor to local development, the Development Forum has so far not shown much concern for this sector.

At the same time, there is little co-ordination of support to the informal sector at city level. Many initiatives are undertaken by public and private actors, with considerable duplication and gaps. It is still unclear how far the new central government PAAP programme can be a co-ordinating factor at the city level, as the programme intends. A potentially useful initiative could be the establishment of a small 'one-stop-office' for the small scale enterprise sector, where businesses can obtain information on procedures, licences, land, business space, etc. Certain professional services could be provided at low costs, such as standard plans for workspace. In order to cut costs, and add value, teaming up with other organisations could be considered in order to provide indigenous businesses with an integrated package of support. A variety of organisations in the city provide business advice or loans, often in an isolated way.

Information

The lack of information on local (economic) development has not only constituted a handicap to this study, but also hinders effective planning and management. Data on Bulawayo's economic development are non-existent or very difficult to access. The City Council does not have a statistical/information unit. In the 1996/1997 'integrated corporate budget' proposal the establishment of a research and information network unit was proposed. However, with a '2nd priority' status this initiative is not likely to be achieved at short notice. This is a pity, as an information base is essential for policy formulation. It is doubted whether the City Council has a clear view on the needs and problems of the local business community.

Figure 7.1 provides an overview of how the earlier mentioned Economic Strategy Paper could be organised. Necessary inputs for defining an economic strategy are (i) definition of policy goals and a vision on the city's economic future; (ii) a broad analysis of demands from the various segments of the private sector; (iii) an assessment of the strengths, weaknesses, opportunities and threats of Bulawayo. The specific policy instruments include both presently applied instruments as well as new ones suggested in this report.

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