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ECONOMIC COMMISSION FOR AFRICA

ECONOMIC AND SOCIAL SURVEY OF AFRICA, 1994-1995

UNITED NATIONS
ADDIS ABABA, 1995

FOREWORD

The Economic and Social Survey of Africa, 1994-1995 is issued by the Secretariat of the United Nations Economic Commission for Africa and provides information on the current state of the African economy, the main socio-economic trends in 1994 and the short-term prospects for 1995-1996. The Survey seeks to bring to the attention of African policy makers and the international community the major economic and social issues of significance to the development of African countries, together with the insights, new emphasis and strategies, and the implications for action at national, subregional, regional and international levels.

Perhaps the real and important change in this issue of the Survey is the inclusion of South Africa for the first time in many years, which marks the beginning of a new series of statistical data and in the information compiled by the Survey. Until now, the data series for the Survey did not cover South Africa, which though is one of the founding member States of the UNECA, was excluded from the Commission in 1965 because of its apartheid policies. With the re-entry of the new Republic of South Africa into the fold of the UNECA member States, a new series of socio-economic statistics has been compiled which cover the whole continent, including South Africa, instead of the earlier coverage that was limited to developing Africa (i.e. the Africa region without South Africa).

It is our hope that the Survey will serve as a background document for discussions on the African economy both within and outside the region. Towards that end, Chapter I presents an overview and makes an assessment of the short-term prospects and outlook for the region on the basis of clear indications that the major factors that have accounted for weak economic performance over the years are still very much at work. Chapter II surveys the major trends in the international environment, and draws attention to the challenges and opportunities for African countries. Chapter III discusses fiscal, monetary, exchange rate and price developments while Chapter IV reviews the social situation in Africa. Developments in the main production sectors such as agriculture, mining, energy, manufacturing and transport and communications are discussed in Chapters V, VI, VII, VIII and IX, respectively. Chapter X focuses on external trade and payments while Chapter XI is an assessment of Africa's external debt. Chapter XII highlights the major problems in regional economic integration, and intra-African trade and co-operation, while Chapter XIII is a special study on gender disparities in formal education in Africa.

The Economic and Social Survey of Africa, 1994-1995 was prepared in the Socio-Economic Research and Planning Division of the UNECA, and draws on information and analysis available from African member States, as well as from agencies and organs from within and outside the United Nations system.

The pre-publication text of this Survey was completed in summary form in March 1995 and made available as a document for the 30th session of the Economic Commission for Africa. This text, finalized in May 1995, incorporates minor changes to the analysis and data that featured in the pre-publication text presented in March 1995.

Boutros Boutros-Ghali
Secretary-General

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EXPLANATORY NOTES

The designations employed and the presentation of material in this publication do not imply the expression of any opinion whatsoever on the part of the secretariat of the United Nations Economic Commission for Africa concerning the legal status of any country, territory or of its authorities, or concerning the delimitation of its frontiers or boundaries, currently or earlier years to which reference is made.

Symbols of United Nations documents are composed of capital letters combined with figures. Mention of such a symbol indicates a reference to a United Nations Document. A symbol which is preceded by the designation E/ECA/... indicates that the document is issued under the auspices of the Economic Commission for Africa.

In the tables throughout the Survey, multiple dots (..) or (...) indicate that data are not separately reported, while a dash (-) indicates that the amount is nil or negligible and a single dot (.) indicates that the item is not applicable.

A hyphen (-) is used between dates, e.g., 1988-1990, to signify the full period involved, and a stroke (/) indicates a crop year, fiscal year or plan year, e.g., 1988/1989.

The term "billion" signifies a thousand million.

References to "tons" indicate metric tons, and to "dollars" ($) indicate United States dollars, unless otherwise specified.

ABBREVIATIONS AND ACRONYMS

The following acronyms of organizations and subsidiary bodies are used in the Survey:

ATPC	Association of Tin Producer Countries
CEPGEL	Economic Community of the Great Lakes Countries
CFA	African Financial Community
CILSS	Permanent Inter-State Committee on Drought Control in the Sahel
DIESA	Department of International Economic and Social Affairs (of the United Nations)
ECA	Economic Commission for Africa
ECCAS	Economic Community of Central African States
ECOWAS	Economic Community of Western African States
EEC	European Economic Community
EC	European Community
EU	European Union
FAO	Food and Agriculture Organization of the United Nations
GATT	General Agreement on Tariffs and Trade
IEA	International Energy Agency
IGADD	Inter-Governmental Authority on Drought and Development
ILO	International Labour Organization

IMF	International Monetary Fund
OECD	Organization for Economic Co-operation and Development
OPEC	Organization of Petroleum Exporting Countries
PTA	Preferential Trade Area for Eastern and Southern African States
SADCC	South African Development Co-ordination Conference
UNCTAD	United Nations Conference on Trade and Development
UNESCO	United Nations Educational, Scientific and Cultural Organization
UNFPA	United Nations Fund For Population Activities
UNHCR	United Nations High Commissioner for Refugees
UNICEF	United Nations Children's Fund
UNIDO	United Nations Industrial Development Organization
WTO	World Trade Organization

The following abbreviations related to activities of the United Nations System are used in the Survey:

AAF-SAP	African Alternative Framework to Structural Adjustment Programmes for Socio-Economic Recovery and Transformation
APPER	Africa's Priority Programme for Economic Recovery, 1986-1990
IDDA	Industrial Development Decade for Africa: I, 1980-1990; II,1990-1999
PANAFTEL	Pan-African Telecommunications Network
UN-PAAERD	United Nations Programme of Action for African Economic Recovery and Development, 1986-1990
UNTACDA	United Nations Transport and Communications Decade in Africa: I, 1979-1988; II, 1989-1998

The following economic and technical abbreviations, in addition to the most common abbreviations, symbols and terms, are used in the Survey.

b/d	Barrel a day
ACP	African, the Caribbean and the Pacific
DPT	Diphtheria, Pertussis and Tetanus
GDP	Gross domestic product
GFCF	Gross fixed capital formation
GNP	Gross national product
MVA	Manufacturing value added
ODA	Official development assistance
ORT	Oral rehydration therapy
PIP	Public investment programming
SAP	Structural adjustment programme (of IMF)
SDR	Special drawing right (of IMF)
TDR	Total dependency ratio
TLU	Tropical livestock unit
TOE	Tons oil equivalent
U5MR	Under-five mortality rate
VAT	Value Added Tax
WAG	Working age group

PART ONE

REVIEW OF THE ECONOMIC AND SOCIAL SITUATION IN 1994 AND MEDIUM-TERM OUTLOOK

I. THE AFRICAN ECONOMY IN 1994 AND 1995

A. A Modest Recovery in Regional Output in 1994

1. In 1994, the gross domestic product (GDP) of the Africa region grew by 2.4 per cent, compared to only 0.9 per cent in 1993 and -0.3 per cent in 1992. Despite the modest increase in growth in 1994, which was the fastest annual rate during 1990-1994, the African economy has continued to fall behind those of other developing regions, and GDP growth is yet to keep pace with population growth.

2. Income per head in Africa was on the decline in 1994, falling by 1 per cent, the same rate as in the 1980s. That means that economic performance in the region continues to lose ground in the 1990s, in both absolute and relative terms: GDP increased at an average annual rate of nearly 1.4 per cent over the period 1990-1994, and income per head fell at 1.6 per cent. The proportion of the population in Africa living under conditions of poverty has increased at an even faster rate, both in the rural areas, where the economy continued to decline, and in the cities, where there has been a lack of dynamism in fostering growth and job creation in the industrial and service sectors. Africa's share of aggregate world output has continued to shrink while, at the same time, its population growth rate stands at roughly twice that of the world.

Fig. I.1

3. The picture painted above is in respect of the whole region, including South Africa. If indeed South Africa is excluded and considered separately in terms of growth performance, as it should in view of the relatively huge size of its economy and its structurally more advanced stage of industrialization and technological development, the resulting picture for the rest of the continent becomes slightly less favourable. For developing Africa (Africa region without South Africa) GDP growth for 1994 was of the order of 2.3 per cent - admittedly, more than double the 1993 rate, but still a lacklustre performance

4. Despite the acceleration in the GDP in 1994, albeit from a low trough, many of the factors that have accounted for weak economic performance of Africa over the years were at work, though to differing extent and with varying intensities in individual countries and groups of countries. The weather conditions were generally more favourable in most parts of the region in 1994 than in 1993, resulting in above-average harvests; still, a number of countries were confronted by food shortages at times during the year. According to data from the Food and Agriculture Organization of the United Nations (FAO), agricultural production rose by 2.1 per cent in Africa in 1994 compared to 3.7 per cent in 1993. The

corresponding growth rates for developing Africa over the same period were 2.6 per cent in 1993 and 1.8 per cent in 1994.

5. A failed rainy season in the third quarter of 1993 and the first quarter of 1994 precipitated food deficits in the first half of the year over a wide area spread over some ten countries mainly in central, east and southern Africa subregions. In the most affected countries, increased amount of food imports and food aid were required. It was only with the improved prospects for the mid-1994 main rainy season, for example, that some good harvests were recorded in some areas in the Horn of Africa.

Table I.1
African Economic Indicators, 1990-1994
(Percentage change)

6. The trend in industrial crops production in 1994 showed that output in that sub-sector was also far from buoyant; the price recovery in 1993 and 1994 was yet to have much salutary effect on production levels and on new plantings that had suffered from several consecutive years of falling prices and declining real farm incomes.

7. The decline in output of mining products, including fuel, since 1992, continued in 1994, due primarily to the crisis situation in some producing countries such as Zaire, and also, to some extent, to the lack of new investment except in gold mines. In terms of value added, however, there was a marginal improvement in 1994, due largely to the sharp increase in some prices, with GDP growth in the sector rising by 1 per cent, compared to a decline of 0.3 per cent in 1993. In South Africa, the region's major mineral producer, output fell by 5.5 per cent in 1994.

8. Oil production in Africa remained in 1994 at its 1993 level, due to a variety of factors, ranging from OPEC quotas to capacity constraints and, in the case of Angola, civil war. Prices of minerals and metal ores increased sharply in 1994, but oil prices fell on average, losing some 7 per cent in the case of Brent crude. Prices rallied in the second quarter of the year as a result of a paralysing strike of workers in the Nigerian oil industry, but that movement was rapidly halted by increased supplies from the Commonwealth of Independent States (CIS) and the North Sea.

9. Against the beneficial impact of export price increases in 1994 must be set the macro-economic consequences and the terms of trade losses which the African countries have experienced particularly between 1991 and 1993. Many of them have limited currency convertibility and are obliged to use the dollar as the principal reserve currency. With the result, the export revenues are generally dollar-denominated while import purchases are normally denominated in international currencies against some of which the dollar consistently depreciated during the year.

10. Political instability, which so much affected the economy in 1992-1993, subsided in some African countries in 1994. But while no new conflict situations emerged on the continent, the chronic flashpoints continued in many cases to give cause for concern not only in Africa, but also on the part of the world community of nations.

11. The peaceful constitutional transition from apartheid to a new democratic and non-racial South Africa, kindled domestic and international confidence in that country's future. A number of other countries also made the transition from long-established one-party rule to multi-party democratic governance under remarkably peaceful conditions, although, in some, the democratisation process and policies have resulted in heightened ethnic tensions.

12. However, the civil war intensified in Angola, inflicting considerable damage to the economy and causing the displacement of half the rural population. Furthermore, the conflict in Rwanda which, in 1993, had only simmered with a negotiated power-sharing solution in sight, suddenly erupted in April 1994 into a horrible genocidal war for which neither Africa nor the international community was adequately prepared. Nearby, Burundi teetered on the brink; while elsewhere on the continent political tension and labour unrest persisted in a few countries, impacting negatively on the development process. The stalemate in Somalia continued. Inevitably, those situations repressed somewhat Africa's economic growth rate in 1994, and to the extent that they have served to reinforce the misconception that <u>all</u> African countries without exception are "conflict-prone" and "unstable", they quite likely served to discourage investment inflows to Africa while encouraging outflows, thereby reducing economic growth prospects over the medium-term.

13. For the region as a whole, the growth in domestic demand was rather sluggish, at 2.7 per cent, reflecting the slow growth of consumption and the declining trend of investment. Public consumption has been constrained for a number of years, mainly because of the budgetary restraint policies in place in most countries from the late 1980s onwards. In 1993, however, public consumption in developing Africa increased rather strongly, by 4.7 per cent, but that has turned out to be ephemeral, since the 1994 figure of 1.8 per cent would seem to suggest a return to the 1985-1990 trend, when public consumption barely rose by an average of only 1.7 per cent. Aggregate private consumption rose by only 1 per cent a year in developing Africa during 1980-1990, by 1.5 per cent in 1993 and by 1.1 per cent only in 1994. Gross fixed investment has been on a downward trend in developing Africa since 1980, at the least, dropping in 1993 by 2.5 percentage points to a level 21 per cent below the 1980 figure of total investment volume. The gross investment ratio, which was at a high of 30 per cent in 1980, dropped to 21 per cent in 1990 and has remained at 20 per cent ever since. However, available data for 1994 indicate some noticeable rise in the investment volume, which, in turn, had a positive impact on economic activity and recovery in many countries. In addition to some respite from balance of payments pressures, African countries were able to increase capacity utilization owing to the availability of increased foreign exchange earnings for imported raw materials and spare parts.

14. Economic regression has now lasted far too long in the Africa region without real recovery or accelerated up-turn for it to be explained only in terms of political instability, ethnic conflicts, the unfavourable international economic environment or fluctuations in weather-constrained agricultural output. The vagaries of weather have undoubtedly been associated with the failure of the agricultural sector in Africa. The number of countries seriously affected in each year by drought has progressively risen: from 12 in 1974 to 27 in 1979 and 35 in 1984. But the problems of African agriculture neither begin nor end with nature; stagnant agricultural sectors and declining productivity in food production have all too often persisted even in countries enjoying a regular rainfall pattern. Also, recession or quasi-recession in the industrialised economies, particularly the countries of Europe that have the strongest links with Africa, have tended to reduce prospects for the traditional exports of the region, notably beverages, agricultural raw materials and minerals. But then, there have been periods of significant improvements in the global economic situation, the latest of which began in 1994, led by robust growth in the United States of America, United Kingdom and Australia; with output from the economies of the Organization for Economic Cooperation and Development (OECD) countries, as a whole, estimated to have grown by 2.6 per cent. Inevitably, the question must be asked as to why the Asian economies that have more or less faced similar conditions, including the unfavourable global economic environment, managed to perform much better than the African economies and to register impressive growth rates, i.e. an average GDP growth of nearly 6 per cent for South and East Asian countries, during 1985-1993, and more than 10 per cent for China since 1992.

15. The fact is that most of the African countries have yet to take even the first faltering steps in the transition towards a modern industrial and technological society. They have remained essentially the fragmented mini-states they were when they achieved political independence, increasingly incapacitated and unable to sustain even a modicum of modern institutions and consistent government policies, not to talk of the lack of an overall enabling environment for development. Many African countries are yet to overcome the narrow confines of inherited colonial economic structures, based on the monocultural system of groundnuts/coffee/cocoa/cotton cultivation, or to achieve even the semblance of a green revolution in main subregional food staples.

16. Obviously, a major explanation for the disappointing economic performance in the Africa region lies in the constraints of low productivity, inefficient management and poorly-devised and poorly-implemented government policies, as well as in the failure to diversify the narrow production and export base. It follows that the persistent economic deterioration in Africa is never going to be arrested much less resolved or restored to the path of self-sustaining growth and development until a sweeping overhaul and transformation of the following specific structures takes place: dualism and internal socio-economic disarticulation at almost all levels of production and economic activities; weak and undiversified production base; fragmented domestic factor and product

markets; low level of human resources development; and, weak endogenous human, physical, institutional and technological capacities.

B. Divergent Growth of Output in Subregions and Countries

17. There were significant divergencies in performance at the country level and in subregional economic groupings in Africa during 1994 (Table I.2). Among the subregions, Central Africa remained mired in economic decline, recording consistently negative growth rates five years in a row. The other subregions exhibited positive growth rates which were, with the exception of West Africa, above the regional average.

18. In North Africa, buoyant economic activity resulted in output growth of 4.0 per cent, following only 1.1 per cent in 1993. That was due in part to the strong economic recovery in Morocco, which was badly affected by drought in 1993. Recent official information indicates that its GDP may have grown by 10.5 per cent. That country seems to have made some progress with economic reform, and is now recording a significant inflow of foreign investments, despite some serious difficulties concerning inflation, budget deficits and obstacles confronting exports to the European markets. Moreover, it has again been affected by drought towards the end of 1994, which, in spite of its robust agricultural growth and cereal output, will necessitate some food imports in 1995. Since the fall of oil prices in 1986, Algeria's economy has been constrained by a very high debt service and high import requirements of industry. GDP declined in 1993 in conditions of high inflation and rising unemployment. The same inflationary tendencies have accelerated in 1994, coupled with budget deficits that have deepened to around 9.2 per cent of GDP. Political tension has further compounded the already difficult situation, with the escalation of violence and assassinations, and the exodus of foreigners from the country. In Libyan Arab Jamahiriya, United Nations sanctions have had a damaging impact on the economy which has reportedly contracted substantially in 1994. Oil production, the main source of government revenue, has remained stable in 1994 after a sharp drop in 1993. In Egypt, growth was modest in 1994, despite the successes of the reform programme in turning around the economy.

Fig. I.2

19. In the West Africa subregion, growth has stalled in 1994, dropping to 2.1 per cent from the 4.0 per cent recorded in 1993. That was mainly due to the slowing down of growth in Nigeria, where the economy is estimated to have grown by only 2.1 per cent in 1994, compared to 7.2 per cent in 1993. The country has been hurt by the drop in oil production to 97.3 million tons, 4.7 per cent less than in 1993, and by political uncertainties. The active and wide-ranging

liberalisation policies pursued in recent years were replaced in 1994 with the reimposition of exchange and other controls, with the rate of exchange of the naira well below the market rate. Although there were substantial reductions in petrol subsidies in 1994, petrol subsidies are still a source of considerable budget deficits.

20. The West African members of the African Financial Community (CFA) have undergone a large devaluation of the CFA franc in January 1994, the first in more than 50 years. Some countries have reported improvements in the trade account and fiscal balance. But growth in the CFA countries in 1994, though encouraging, remained only modest. Overall output in the countries concerned increased by only 2.8 per cent compared to 8 per cent in 1993. In Côte d'Ivoire, the largest CFA economy in West Africa, output decline has apparently stopped, but growth was minimal (0.8 per cent) in 1994.

Table I.2
Output share and growth rate by subregion and economic grouping

21. Economic results for the Central Africa subregion continue to reflect the free fall of the Zairian economy and the lacklustre performance in the rest, including the devastated economies of Rwanda and Burundi. Subregional output fell by 5.4 per cent in 1994, following declines in the preceding three years of 1.2 per cent in 1991, 5.4 per cent in 1992 and 5.0 per cent in 1993. As for Zaire, the mining industry had been damaged during the riots of 1991-1992, and production of copper has now fallen to around 50,000 tons compared to an annual capacity of 500,000 tons. Communications inside the country are now precarious, and internal trade has shrunk drastically. Hyperinflation has practically destroyed the currency.

22. The three oil exporters of the subregion, Cameroon, the Congo and Gabon, have not recorded good results either. Cameroon has been affected by poor performance of agriculture and industry, and a steady decline of oil production. The rapid fall in GDP since 1991 moderated in 1994, though a decline of 1.5 per cent was still recorded. In the Congo, the political factors in 1994, and continuing budgetary problems are seriously constraining the economy. Despite the increase of oil production to nearly 10 million tons in 1994, GDP contracted by 3.6 per cent. In Gabon, despite the initial benefits of the increase in oil production, following the coming on stream of the Rabi Kounga field, oil revenues have since levelled off and the country has had to face a difficult debt servicing problem. Following a fall of GDP in 1992-1993, only modest growth has been recorded in 1994 (1.6 per cent).

23. Since the beginning of the decade, economic activity has on average been disappointing in the East and Southern Africa subregion, stretching from the Horn of Africa to the southern part of the continent. In 1992, the countries of southern Africa suffered their worst drought on record. In 1994, economic growth is set at 1.4 per

cent in the subregion as a result of drought conditions in the Horn of Africa, the constraints of rehabilitation and reconstruction in Mozambique, and renewed drought in Malawi.

24. In Kenya, one of the largest economies in the area, there has been some recovery in 1994. The financial situation has considerably improved, under strict budgetary management. GDP increased by 2.5 per cent in 1994, and prospects for 1995 are good. In Uganda, the economy continued to grow, posting a high rate of 7.2 per cent in 1994. Agriculture has recovered from the 1992 drought, and export volumes have risen sharply, in response to high prices for coffee, the country's major export. In Malawi, however, the food and agricultural sector was adversely affected by drought in 1993 and early 1994. As a result, GDP has fallen by nearly 10 per cent, although some measure of recovery is expected in 1995.

Fig. I.3

25. In Zambia, economic results remained disappointing in 1994, despite the implementation of a wide-ranging reform programme. GDP growth in 1994 was only 1 per cent, after five consecutive years of decline. The key mining sector is contracting, partly because of a long-term decline in copper reserves, but plans are underway to privatize the ZCMM mining corporation as a way of improving the situation. In Zimbabwe, recovery from the 1992 drought is now complete and the economy has grown by about 6 percent in 1994. Agriculture is expanding at around 6-7 per cent a year, while output in the mining sector is up considerably as well.

26. A few countries of the subregion registered sustained growth in GDP over the past decade. In Botswana, for example, a high rate of growth has been achieved in the past few years as the result of a judicious management of the revenues from diamond, while in Mauritius, rapid industrialisation has been spurred by the exploitation of the country's skilled manpower and the system of industrial free zones. Both countries have more or less continued to make economic progress in 1994. In Botswana, however, there has been a significant slow down, because of the fall in demand for diamonds and lower prices in the international markets. Growth declined in 1993 for the first time, and in 1994 the rate was only 2.5 per cent. Mauritius has also encountered considerable problems recently regarding exports, particularly of sewn goods, which were subject to protectionist barriers, but it now appears those problems have largely been overcome, as the country has striven to diversify its exports base by introducing new activities. In 1994 alone, export volumes grew substantially - by a large 16.9 per cent - and GDP by 6.8 per cent .

27. As for South Africa, the most advanced economy in the subregion and in the African region as a whole, the economy had stagnated since the mid-1980s, despite its high level of industrialisation. This was due to the constraints created by the apartheid system which prevented the country from fully mobilizing its human resources, and had hampered its effective participation in the international economy due to sanctions. It had been hoped that

the economy would recover quickly with the end of apartheid. However, recent figures indicate an annual GDP growth rate of only 2.1 per cent in 1994 compared with the -0.9 per cent in 1990-1993. But there can be little doubt about the country's improving economic and business climate and the immense potential for rapid growth.

28. In the group of African Least Developed Countries (ALDCs), economic performance has again been poor in 1994. Output declined by 1.2 per cent, following declines in 1992-1993. More than two-thirds of all African countries are now LDCs. Among them, the Sahel countries form a homogeneous group, by virtue of their geographical position and an economic structure dominated by livestock and cereal cultivation. The output performance of this sub-group was comparable to the regional average in 1994. With the return of good weather to West Africa, agriculture recovered in most Sahelian countries, and, in the aggregate, GDP grew by 2.6 per cent after a decline of 0.7 per cent in 1993. For the nine countries which constitute the Permanent Inter-State Committee on Drought Control in the Sahel (CILSS) - namely Burkina Faso, Cape Verde, Chad, the Gambia, Guinea-Bissau, Mali, Mauritania, the Niger and Senegal, the results in 1994 may have been even better, as the agricultural crops output, including food items, is a record one; cereal production was estimated at 9.9 million tons.

29. Table I.3 provides a frequency distribution of the countries in the African region according to output growth rates. Twelve countries experienced negative growth in 1994 compared to 18 in the previous year, while 8 countries are expected to exceed 6 per cent in 1994 compared to 9 per cent in 1993. The six countries with the most impressive GDP growth rates in 1994 are: Morocco (10.5 per cent); Namibia (8.7 per cent); Ghana (8.0 per cent); Uganda (7.2 per cent); Mauritius (6.8 per cent), and Zimbabwe (6.0 per cent). About a fifth of the African countries had GDP growth rates in the range of 3 - 6 per cent in 1993 and 1994.

Table I.3
Frequency distribution of countries according to percentage growth rate of GDP, 1990-1993

C. Policy Focus and Issues in 1994

30. There were strong inflationary pressures in a number of African countries in 1993-1994. The most prominent case was Zaire, where there was a virtual breakdown of the financial system, and excessive budgetary deficits brought inflation to an unprecedented level of over 20,000 per cent in 1994. In war-ravaged Angola, inflation also reached extremely high levels estimated at over 1,000 per cent in December 1994. The zone franc countries which were previously characterised by very low inflation are now experiencing considerable price rises as a result of the 50 per cent devaluation of the CFA franc. However, with the maintenance of tight monetary policies in those countries, involving deficit financing limits of 20 per cent of previous budget tax receipts and the curtailment of salary increases, inflation has been brought below the rate of

devaluation in most cases. But there has been some less favourable experience nonetheless, such as in the Congo, where inflation is reported at a high 60 per cent in 1994. But alongside these negative trends, significant reductions have taken place in the rate of inflation in 1994 in Egypt, Uganda and Ghana which, as a result of greater fiscal and monetary discipline, managed to bring about a sharp reduction in budget deficits.

31. In response to continued macro-economic imbalances and instability, the overwhelming majority of African countries continued to implement reforms in 1994 focusing on fiscal austerity and restrictive monetary policies, and the liberalization of foreign exchange and interest rates. The reform measures were aimed specifically at liberalizing factor and product markets, removing distortions, empowering the private sector, and making the public sector more efficient, in spite of the enormous short-term costs and the social consequences of such measures. The main focus was the creation of a stable macro-economic environment for growth. However, most countries were yet to make the necessary transition from preoccupation with adjustment and stabilization to the long-term concerns with sustainable development and structural transformation. In the case of South Africa, there seems to be a consensus at maintaining a free market economy in the post-apartheid era, although fundamental questions about the distribution of wealth, jobs and income between the black majority and the previously dominant white population have loomed large and will inevitably have to be addressed. For the present, the Government appears to have decided on a delicate balancing act, between short-term measures to improve the lot of the majority population and long-term measures to attract foreign and domestic investment for the future growth of the economy.

32. Privatization is another area targeted by economic reforms to improve productivity and reduce government subsidies on loss-making public enterprises. Although accepted as a major policy objective, the exact approach often presents the authorities with major challenges, the biggest of which is, to say, how to avoid "selling the family jewel for a song". Another challenge is to avoid mortgaging a large slice of national assets to foreign interests. These challenges arise because of the paucity of domestic savings, and aggressive entrepreneurship, and the inadequacy of stock markets within African countries. There is therefore an understandable reluctance on the part of African countries to dispose of public enterprises entirely to foreign investors often at give-away prices. Therefore, African countries are searching for an approach that would ensure that nationals retain significant equity in privatized assets, for example, through joint ventures with foreign investors. To the extent possible, they would also like to have a wide dispersal of shareholding in major privatized enterprises. Thus, before the government of Ghana floated its remaining shares in the Ashanti Goldfields Company on the London Stock Exchange early in 1994, it reserved almost 2 per cent of the shares for the workers. In Ethiopia, the government chose to break up the assets of the state-owned transport corporation into three shareholding companies to be wholly transferred to the workers in the form of a loan equal to the value of the transferred assets. Progress was also made in 1994 in

other areas; notably, market and tax reforms geared towards the improvement of the investment climate for domestic and foreign investors.

33. It is increasingly clear that the prospects for resource mobilization in support of the development process in Africa would depend largely on the success of the reforms which are in progress in the financial sector in the region. In a few countries, in 1994, the institutional, legal and operational framework of domestic capital markets has been revamped and strengthened with a view to generating greater confidence in the financial intermediation process among the investing public. The aim, clearly, is to establish the basis for the development of a sound financial sector for effective mobilization of domestic savings and improved allocation of investment through more efficient intermediation. Some countries, for example, Ethiopia and Morocco, have geared up for expanding the scope of private participation in the financial sector, either through whole sale or partial privatization of state-owned financial institutions, or by allowing the establishment of privately-owned financial institutions. In Ethiopia, the first private banks and insurance companies since 1974 were established wholly on private initiative, following the promulgation of a comprehensive new law governing the registration of financial enterprises.

34. It is realized also that measures for the mobilization of domestic savings should involve not only the expansion in the number of financial institutions but also their wide geographical dispersion. Despite the abundance and relative vitality of informal financial institutions in many African countries, their potential for enhancing the development process has not been effectively harnessed. Efforts so far exerted by central banks to bring about a closer relationship between the formal and informal financial institutions have been grossly inadequate. And the commercial banks have shied away for too long from financing smallholder agriculture and micro-enterprises, pleading the high transaction costs. Hence attempts were made in some countries in 1994 to develop rural financial markets in order to tap the full potential of production-oriented programmes in rural areas, and to increase the ability of households to save and to build up bases of productive assets.

35. The capital markets also continued to undergo significant developments in some African countries in 1994, due in part to the progressive deregulation of the financial sector, and efforts at emphasizing the role of non-debt creating institutions as a means of mobilizing and allocating resources. In addition to developing appropriate regulatory frameworks for stock markets, new financial instruments have emerged as an alternative to commercial bank savings and credit. The result was that stock markets in Africa were one of the best performers in the emerging markets sector in 1994, pushed up largely by local investors in anticipation of inflows of funds from foreign investors.

36. In Morocco, the Casablanca Stock Exchange has made substantial progress as a major source of financial resources, both to the government and the private sector. The index of the 25 leading shares rose by 45 per cent in 1994. Market capitalization has grown

to more than US$5 billion and the annual turnover surpassed US$850 million in 1994. In a bid to encourage flow of funds to the market, taxes on share earnings were reduced from 15 per cent to 10 per cent.

37. In Zimbabwe sharp gains were also recorded on the stock exchange as the capital market has turned into the most important source of government finance. In 1994, the government raised more than Z$2.2 billion through the floatation of bonds. Company stocks are traded both over the counter and through the regular channels. Stock ownership is open to foreign participation up to a maximum of 25 per cent, as a result of which external resource inflow for portfolio investment has been on the increase. The government is constantly reforming the Zimbabwe stock exchange. The pricing of shares is to shift from the historical value base to price/earnings ratio, and is being subjected to a more open and competitive market.

38. The Tunisian Stock exchange, which opened in 1990, is currently capitalized at US$1.3 billion with an annual turnover of US$200 million in 1994. The stock exchange has been privatized and a new regulatory body established to protect investors.

39. In Egypt, the capital markets regulation adopted in 1993 is impacting significantly on the stock markets in Cairo and Alexandria. Companies raising more than half of their capital through public subscription are granted tax brakes. Restrictions on bond trading has been relaxed, and issue of bearer shares allowed to boost the secondary markets. Turnover increased from US$175 million in 1993 to US$500 million in 1994.

40. In Nigeria, the capital market has been further enhanced to encourage efficiency and resource flows to the productive sectors of the economy. Open market operations have been elevated to the status of the major instrument of monetary management. In Kenya, the Nairobi Stock Exchange recovered from the sluggish trading of the previous year; capitalization increased by 10 per cent in 1994, while turnover was up by 30 per cent. The overall gain on the exchange rose by 107.5 per cent in dollar terms.

41. Despite these encouraging developments, the stock markets in Africa have remained small and fragile, and most of them have indeed suffered declines since the beginning of 1995. The main factors inhibiting their further development and deepening include inflation and high interest rates, fledging investors confidence, uncertainty about future government policies, and lack of information.

42. In the area of African economic integration and cooperation, the most significant event in 1994 was the coming into effect of the Abuja Treaty for the establishment of the African Economic Community (AEC). The first stage of the Treaty, which covers the first five years of its operation, aims at strengthening existing subregional Economic Communities. It is also expected that the protocols to be drawn up under the Treaty will contribute to the harmonization of sectoral policies at the subregional level, as a stepping stone to policy harmonization at the continental level. In the meantime, significant changes were underway in several subregional organizations during the last year, although not all of these can be

perceived as direct responses to the Abuja initiative.

43. In spite of the above developments, regional economic cooperation and integration in Africa continue to be beset by numerous problems, in particular inadequate transport and communication networks, weak production systems with virtually no inter-sectoral and inter-country links, tariff and non-tariff obstacles to intra-regional trade; and lack of convergence of national economic policies. Policies and programmes to address these problems have been proposed in the Lagos Plan of Action and the Final Act of Lagos, as well as in the African Alternative Framework for Structural Adjustment Programmes for Socio-Economic Recovery and Transformation (AAF-SAP). More recently they have found expression in various subregional efforts and in the Abuja Treaty itself. What is urgently required is implementation. As part of the efforts for promoting effective economic integration in Africa, there has recently been increased discussion on how to bring into consonance economic integration strategies and structural adjustment policies and programmes.

D. Outlook for 1995-1996

44. The economic prospects for the Africa region in 1995 appear quite favourable, as the year opens, although there can be little certainty as to what the final out-turn might be, given the fragility of African economies and the deficient information base used for the forecasts. What is certain is that the overall economic performance in Africa in 1995 will, as in the past, depend heavily on developments in the region's external sector as well as on climatic conditions. Progress towards the resolution of the civil wars and ethnic tensions and conflicts that have had and continue to have a damaging impact and repercussions on the domestic economy and the population at large will no doubt have a favourable impact on performance in 1995.

45. While the overall outlook for commodity prices is bright for 1995, the situation remains mixed. A strengthening in international coffee prices is expected because of the stock retention programme being implemented and possible production declines, but cocoa prices may not change significantly owing to uncertain demand situation and the sluggish consumption in North America and Europe, and little or no sign of recovery in the former USSR. Reduced stocks of rubber, together with the slowing down of supplies of synthetic rubber, is expected to result in a tight global market in 1995. There are indications also that the rise in metal and non-oil mineral prices in the world markets may persist well into 1995. The expected surge in copper prices is related to signs of economic recovery in the USA and Europe, and expectations of sustained growth in some developing countries. As for tin and lead, prices are expected to increase, based on a rising trend in consumption.

46. As for the oil market, the prospects are rather shrouded in uncertainties in 1995. Since demand is projected to increase at a meagre rate of less than 1 per cent per annum to the end of the decade, future movements in oil price would depend very much on the behaviour of producing countries. If, as has been the case in the

past, producers fail to observe the orderly supply arrangements established by OPEC and increased output accrues from non-OPEC sources, prices are likely to decline owing to excess supply. Current estimates of future trends in oil prices range from the US$17 to US$ 18 per barrel on average.

47. Whether there would be a substantial debt reduction and increased and sustained resource flows to the African countries in 1995 is far from clear. At the end of the G7 Summit in December 1994 at Naples, Italy, a new stage was reached whereby by the Paris Club is to continue its efforts towards debt relief for the poorest countries. The Paris Club creditors decided to grant 67 per cent debt or debt-service reduction (the earlier limit was 50 per cent) to those countries whose per capita income is $500 or less and whose ratio debt/exports - an indicator of debt overhang - is more than 350 per cent. But an additional conditionality was that continued efforts must be made by these countries to implement SAPs entered into with the IMF over three consecutive years.

48. Aid budgets have been considerably cut back and down-sized in the industrialized countries, whilst, at the same time, the recent crisis on the international financial markets and the turmoil unleashed in the "emerging capital markets" have demonstrated convincingly the fragility of the world financial system that is increasingly focused on speculative capital and the rapid movement around the world of short-term funds. The new surge in portfolio investment and short-term capital flows have generally bypassed the nascent stock markets in the Africa region and are likely to do so even in 1995 and the immediate future. However, there are grounds for believing that the improving business climate across the continent; the impact of developments in foreign exchange policies and the slow but steady growth of confidence in political stability; and continuity of economic policies and financial reforms in parts of the continent are some of the positive factors that may help to reverse the recent trends in disinvestment and the drying up of private investment, both foreign and African, in the region.

49. At the domestic level in Africa, there are as yet few definitive signs of the likely agricultural trends in 1995, apart from the limited indications from those countries that had entered their cropping season by the end of 1994. It appears, at this point, that weather conditions may not be favourable in the Maghreb, particularly in Morocco, and that the same situation may hold for some countries in southern Africa. There are grounds also for concern in the Horn of Africa, where the weather pattern at the beginning of the year was somewhat unusual. Those developments would suggest only a modest increase in agricultural production for the whole region in 1995. The ECA secretariat forecasts a 2.7 per cent increase in value added. At the same time, the overall food supply situation is expected to be fairly satisfactory in 1995 except for a few possible cases of short-falls associated with isolated cases of drought, flooding and pest and locust infestation. According to the latest FAO estimates, total cereal import requirements in the region were expected to decline by 8.7 per cent from 28.6 million tons in 1993/1994 to 26.1 million tons in 1994/1995.

50. It is expected that progress towards the restoration of peace in 1995 would launch countries previously embroiled in conflict on the path of recovery and sustainable development. It is hoped, similarly, that the fragile situation in Angola, Rwanda and Burundi will become more viable in 1995 and that significant breakthroughs towards peace and reconciliation will be forthcoming in Liberia, Sierra Leone, Somalia and southern Sudan, so that those countries could emerge from protracted emergency or relief dependency into rehabilitation, reconstruction and real development. It is also hoped that transition to democracy in other African countries will move forward under peaceful and less destructive conditions in 1995 and that the economic and social costs of such transition will be contained.

51. In South Africa, in 1995, it is expected there will be an intensification of efforts, through the implementation of the Reconstruction and Development Programme (RDP) to correct the gross socio-economic imbalances inherited from the apartheid era. Coupled with the firm stance towards fiscal responsibility, price stability, support for the private sector and encouragement of foreign investment, South Africa's economic growth rate should accelerate. That, however, will also require co-operation by labour and employers to build a new pragmatic relationship, based on a sympathetic understanding of each other's basic concerns as they set out to correct the labour market distortions entrenched by years of apartheid.

52. There is little doubt that African countries will continue to intensify their economic reforms in the direction of growth and transformation in 1995. Already, it is a good sign that most national budgets in Africa are indicating a reduction in deficits and in the inflationary spiral associated with excessive money creation. It is hoped that in 1995 the economic efficiency and macro-economic stability, concerns of the reform process, will be integrated within a sustained long-term programme to build critical capacities in the areas of human resources, institutions and economic and social infrastructure that will put Africa on a sustainable footing and make it fully competitive in the modern world economy.

53. Altogether, therefore, there are grounds for only modest optimism regarding the growth prospects of the region's economy in 1995. Based on the above considerations and assumptions, ECA secretariat estimates that Africa's regional output should grow by about 3 per cent in 1995. It is to be noted, as usual, that this is an average of widely divergent results by countries and subregions. In Central Africa, which was severely hit by political turmoil in 1994 and remains mired in political instability, real development remains somewhere on the distant horizon with only a faint hope for output rebound in 1995. In contrast, a strong recovery is expected in East and Southern Africa, the subregions badly affected by drought in 1992.

54. It is yet too early to quantify prospects for 1996, but it would seem that growth may not exceed the rate expected in 1995, which in itself is far from what is required to make an impact on poverty and social welfare in the region. African countries' earnings

from agricultural and mineral exports may retain their current positive trends if the dynamics of the recovery in the OECD countries is maintained. On the other hand, the surge in commodity prices in 1994 and 1995 may well encourage an expansion in productive capacity that was previously discouraged in Africa and elsewhere by low and declining world prices; and it may cause prices to revert to their secular trend. As in 1995 and previous years, therefore, the vicissitudes of the weather and price movements on the international market continue to cast a cloud of uncertainty over future growth prospects in Africa, in view of the importance of agriculture's contribution to aggregate output, export revenues and employment. And so may the violent conflicts affecting a significant number of countries and the lack of democratic and enlightened governance in many cases. It would be an error, though, to conclude that mere political, economic and financial liberalization will automatically bring about development. A lot would indeed depend on the real changes in the production sphere, in terms of competitiveness and productivity - and in intra-African cooperation - all of which are crucial for socio-economic progress and transformation in the region.

II. AFRICA IN THE WORLD ECONOMY

A. Introduction

55. This section of the Survey reviews the major trends in the international environment, and draws attention to the challenges and opportunities which they pose for African countries.

56. The past four decades have witnessed a growing interdependence of the world economy in the form of inter-linkages between production processes across national frontiers. Integrated international production has grown with the expansion of the activities of transnational corporations; it has now become a main feature of the world economy, a vehicle for the transfer of technology, an expansion mechanism for international trade and promotion of foreign direct investment (FDI). These developments have certainly been aided by the technological revolution, particularly advances in information technology, in transport and in communication, which have caused profound shifts in the organization of world production, and altered significantly the environment for competition.

57. The attainment of a high level of productivity now requires, more than ever before, the capacity to organize production across national frontiers, and to cope with the management and logistical problems that cross national operations involve. Several provisions of the Uruguay Round Agreement, by intensifying global competition and the race for productivity, will carry the processes of integrated international production and economic integration still further. However, by aiming at eliminating barriers to the flow of goods and services, as well as capital, without extending the same facility to the movement of labour, the Agreement has blocked one avenue whereby developing countries, with their abundant supply of labour, could have participated effectively in global integration. It has been argued that "In the emerging international system, it is increasingly firms -- TNCs and their affiliates, rather than arm's length transactions -- that determine a country's participation in the international division of labour. As a result, the growth potential of developing countries will depend to a large extent on their ability to participate in integrated international production and on the nature of their participation."[1]

58. More significantly, the year 1994 witnessed major changes in the international environment that are likely to have profound effects on Africa's international economic relations, in the coming years and beyond. First, it seems the developed countries have finally emerged from a protracted recession that had previously put so much strain on national economies and caused a good deal of disruption to the smooth working of the international economy. Second, the Uruguay Round, concluded in 1994, opens a new chapter in international trade relations while its wide reach into areas of

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[1] World Investment Report 1993 - Transnational Corporations and Integrated International Production, United Nations, New York, 1993

services, investment rules, and intellectual property will, undoubtedly, exert a major influence on development policy, particularly in the developing countries. Third, the trend towards the expansion and consolidation of trading blocs have continued even though the Uruguay Round Agreement promises to lower tariff barriers still further and whittle down other restrictions on international trade. Fourth, the globalization of world production has gathered new strength, pushing further to the periphery of the world economy those countries that have not developed the capacity to compete strongly in the world market or participate effectively in the new global economic order which is characterized by interdependent production structures cutting across national boundaries. Fifth, in response to growing world economic recovery, increasing privatization of public enterprises, emerging financial markets, and a wide range of incentives accorded to private investment, there has been a massive surge in private capital flows, which would mainly benefit countries with an attractive investment environment (e.g. Latin American countries, China and other countries of South-East Asia). African countries have not benefitted as these other countries. Sixth, the strengthening of commodity prices has been beneficial to many producing countries, although there are fears that this is only a temporary deviation from a long-term declining trend. Finally, unemployment, poverty and increasing crimes and the growing incidence of deviant behaviour, have provoked increased interest in social development, as epitomized in two major world conferences: on Population and Development, in Cairo from 5-15 September 1994, and on Social Development, in Copenhagen, from 6-12 March 1995. Preparations are underway for a third, the World Conference on Women in Beijing, China, in September 1995.

59. Other developments have also taken place in the African region with major international and regional implications: the devaluation of the CFA franc was an event of profound importance, to the extent that the change in the old parity with the French franc (which had remained unchanged since 1948) has opened new prospects for the countries of the CFA zone to compete internationally; the emergence of South Africa from decades of white minority rule and its re-joining the African community will have positive impacts on intra-African economic relations, and offer an opportunity for a new pole in the southern Africa sub-region; the successful elections in Mozambique and the advent of peace in that country have positive implications not only for the country but also for its neighbours, in particular landlocked Zambia, Zimbabwe and Malawi, whose exports and imports will now enjoy more secure transit facilities; in Angola where, if the peace process proceeds satisfactorily and secured transit facilities are also made available, it will be possible to envisage a new burst of activity for the rehabilitation and expansion in the subregional infrastructure like transport and communications, with profound gains for the development and integration of the whole southern Africa subregion.

60. These and other developments provide the background for this review of Africa in the World Economy. They are evidently fraught with innumerable challenges, concerns, great opportunities and profound consequences that African countries must effectively manage if they are to mobilize fully their resources for development, and

reverse the present tendency of marginalization in the world economy. This is not, however, an easy task knowing the formidable obstacles that African countries face in their drive to meet the challenges of domestic development, including the reorganization and transformation of economic structures.

61. Chapter I raises several questions about past and present development policies in Africa. Perhaps the most important question which has frequently been asked, is why a region that is endowed with such abundant natural resources and a virile and dynamic population finds itself lagging behind in a world pulsating with technological changes and rapid economic growth? This question has haunted African leaders, and their development partners world wide for several decades, and will continue to do so until the African region is able to pull up itself and its peoples along the mainstream of world growth and development.

B. The International Environment

1. The world economy recovers in 1994

62. After a recession which in some industrialized countries was most severe for more than a decade, the world economy has recovered in 1994. The developing countries, as a group, have been growing faster than the developed economies since 1990, but the so-called "economies in transition", i.e. the former socialist economies of the USSR and Eastern Europe, are still contracting in the aggregate.

63. There are several estimates of the growth of the world economy provided by institutions such as the IMF and the World Bank, the OECD secretariat, the EU and the Department of Economic and Social Development of the United Nations (UN-DESIPA). These estimates are fundamentally in agreement despite some differences.

64. According to the IMF[2] estimates, the world economy grew by 3.1 per cent in 1994, compared to 2.3 per cent in 1993 and an average of only 1.7 per cent in 1992. Output grew by 2.7 per cent in the developed countries compared to 1.3 per cent in 1993, and 1.5 per cent in 1992. Developing countries output grew by 5.6 per cent in 1994, 6.1 per cent in 1993 and 5.9 per cent in 1992. But the "economies in transition" suffered a new fall estimated at -8.3 per cent in 1994, -9.0 per cent in 1993 and -15.5 per cent in 1992.

Table II. 1

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2 IMF, World Economic Outlook, October 1994, IMF, Washington D.C.

65. The figures provided by the UN-DESIPA[3] are slightly lower than those of the IMF, but are nevertheless in the same direction. UN-DESIPA has set world output growth in 1994 at 2.2 per cent, with those of the developed and developing countries growing respectively by 2.6 and 4.8 per cent, while the "economies in transition" are thought to be contracting at 10.3 per cent. Growth in developed market economies has, however, been uneven with the U.S. and Britain ahead of most of Europe and Japan, since 1993. The recovery was remarkable, resulting in low and declining rates of inflation and some decline in unemployment rates that had previously been high in many Western Europe countries, particularly France, Spain and Italy. In these countries, governments and, in particular, Central Banks have been using the rate of interest as a tool of economic regulation, lowering it to stimulate investment, and then raising it in order to control inflation and ensure a "smooth landing" of "overheating" economies. The 1994 turn-around was driven mainly by the surge in demand, which in turn made possible increased capacity utilization and higher investments, although unemployment remained at a high level in most developed countries.

Fig. II. 1

66. The value of world merchandise trade increased by 4 per cent in 1993 as a result of the recovery in global economy. However, with world economic recovery picking up in the second part of 1994, the volume of world trade increased by 7.2 per cent, considerably higher than the rate of growth of GDP. The value of trade increased even more, at 9.4 per cent, as a result of the higher volume traded and the rise of 2.2 per cent in unit value.

67. The growth of developing countries' exports outpaced those of the industrialized countries, both in volume and value. Industrialized countries increased their volume and value respectively by 5.7 per cent and 8.0 per cent against 9.4 per cent and 11.3 per cent for developing countries. The surge in the value of developing countries' exports resulted from the increased volume and the higher prices, particularly of primary commodities.

68. Consequently the competition between developed countries and the newly industrializing and fast developing Asian economies heightened considerably. Higher demand in Asian countries stimulated Western exports to these countries, and Western countries consequently made large gains. On the other hand, Asian countries presented a greater challenge to Western countries in many areas, where they enjoy comparative advantages in the form of, for instance, an abundance of skilled but relatively low paid labour in addition to a much better social discipline.

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3 <u>The World Economy at the Start of 1995</u>, UN-DESIPA, New York, DOC.E/1995/INF/1, 17 January 1995.

2. Moderate recovery in commodity prices,

69. The recovery in industrialized countries and the continued high growth in developing countries resulted in higher demand for raw materials and other primary commodities, and a sharp rise in their prices in 1994. According to UN-DESIPA, the UN price index of primary export commodities of developing countries, excluding petroleum, moved up by 13.5 per cent in 1994 after an average decline of nearly 15 per cent in 1988-1993. For some commodities, such as aluminium, copper and coffee, the surge in prices was dramatic, with demand exceeding supply. Speculation also played an important role in pushing up prices and with the bond market falling, investors also intervened heavily.

70. Although the aggregate price index for agricultural products increased by 8 per cent over 1993 level, not all the commodities making up the composite index followed suit.

71. The oil market remained sluggish in 1994 and prices were unstable. During the first quarter of the year, prices declined to the lowest level for the decade, at only 60 per cent of 1990 level and 17 per cent below the 1993 average. However, in the second quarter, prices started to recover and this continued into the third quarter. By December 1994, oil prices had recovered much of the ground they lost in 1993, and the year ended with US$15.82 per barrel.

72. Despite recent improvements and the increase in commodity prices in 1994, world commodity markets have remained volatile. A number of recent studies[4] have indeed suggested that real prices of primary commodities may actually be on a secular decline, based on indices constructed for the period 1900 to 1986, and the further deterioration of almost 15 per cent that has taken place in prices between 1986 and 1992. According to these studies, the average level of non-oil primary commodity prices for the early 1990s may turn out to be one of the lowest for over a century.

3. Increased financial flows to developing countries

73. Financial flows to developing countries were also stimulated by the recovery. During 1993 and, to some extent, 1994, there was a significant increase in the overall level of external financing from

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[4] cf. Grilli, E. R. and M.C. Yang "Long Term movements of Non-Fuel Commodity Prices: 1900-1986" World Bank International Economies Department Working Paper, Washington D.C., 1987; "Primary Commodity Prices, manufactured goods prices and terms of trade of developing countries: What the Long Run Shows" World Bank Economic Review Vol. 2 No. 1, 1988; World Bank, Price Prospects for major primary commodities, 1990-2005 (update), Washington D.C.,1993; Maizeles Alfred "Commodity Market Trends and Instability: Policy Options for Developing Countries" UNCTAD Review, 1994.

international financial markets, the most notable being the rise in external bond issues. Investment, real and speculative, flowed into the "emerging markets" of Latin America and Asia. Furthermore, international bank lendings revived after a period of stagnation during the late 1980s and early 1990s. Although the share of developing countries in the total amount of external financing was small, external bond issues by developing countries tripled in 1993, and their share of the world total bond issues rose from 7.1 to 12.4 percent.

74. Among the other significant developments in recent years had been the increased cross-border flows of private capital and portfolio investment to developing countries, an indication of the declining role of medium- and long-term commercial bank lending. Accordingly, non-debt flows constituted a considerable element of net external resource flows from private sources. There has been a significant increase in international capital flows to the developing countries mainly on account of increased FDI, return of flight capital, and resumption of voluntary private capital flows.

75. Developing countries, mostly in Latin America and Asia, have been successful in raising large amounts of resources in the form of securities on the international capital markets, and in 1993 alone they raised US$47 billion, compared to US$10 billion in 1991[5].

76. The IMF estimated total net capital inflow to developing countries at US$91.5 billion in 1990-1993. There were indications that flows would stabilize at a high level in 1994, with an increase in investment in countries such as China and South Korea. One indicator of the increased flow is the trend of the total debt of developing countries which rose to US$1,675.4 billion, 8.4 per more than in 1993. This being the case, the strong speculative component of capital flows to the emerging capital markets had exposed the economies of these countries to considerable dangers as shown by the severe crisis of international confidence triggered by the devaluation of the Mexican peso in December 1994: it appears that most of the funds flowing to Mexico were short-term in nature and were mainly used for over-expansive economic policies and excessive current account deficits. But even before the Mexican debacle, there were already some indications that the large flows of capital to developing countries that characterized 1990-1993 had begun to moderate substantially.

77. The level of development aid has, more or less, also stagnated. In fact, aid budgets have been cut or kept at constant levels. From the October issue of IMF World Economic Outlook, the indication was that public transfers to the African region in 1994

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[5] See, <u>IMF World Economic Outlook and Financial Surveys, International Capital Markets: Developments Prospects and Policy Issues</u>, Washington D.C., September 1994, Table A.10, P. 126.

might have been of the order of US$8.7 billion[6], that is, at practically the same level of 1993 and 1989 when they were, respectively, US$8.4 billion and US$8.1 billion. In general, aid flows have hardly changed since 1989.

4. The Uruguay Round Agreement: A new framework for world trade

78. An important event in 1994 was the successful conclusion of the Uruguay Round of GATT negotiations and the creation of the WTO to replace the GATT. The Agreement signals a firm step towards progressive liberalization of world trade, reducing customs duties and other obstacles to trade. For the first time, the Agreement brought agriculture and textiles within the framework of GATT rules and disciplines. On agriculture, the Agreement covers three major areas: market access, domestic support, and export subsidies. It calls for substantial reduction in tariffs, domestic and export subsidies. Under the textiles agreement, the Multi-Fibre Arrangement will be phased out over a period of ten years, and textiles and clothing will thereafter be governed by GATT rules.

79. The Uruguay Round is the most comprehensive attempt to redress the world trading system. The implementation of its provisions will, without doubt, go beyond international trade to further influence many aspects of national economic policies in developing countries. It is an ambitious Agreement that would transcend the traditional bounds of trade in goods to cover other areas such as services, intellectual property, direct foreign investment, and government procurement. It would also establish mechanisms for dispute settlement and an institutional framework for implementation (the WTO). WTO would possibly enable cross-conditionality and cross-retaliation, which had previously raised major fears among developing countries.

80. The Agreement is also expected to lead to a marked resurgence of world trade, particularly through provisions for greater market access world-wide for agricultural products and manufactures. According to a recent OECD-IBRD study[7], the annual gain in global income from the implementation of the Agreement is estimated to be US$213 billion in 2002 and each year thereafter, while the gain may amount to US$500 billion annually according to new GATT estimates. The benefits thereof are manifestly biased in favour of the industrialized countries which are projected to collect 70 per cent of the trade generated revenue. Of the remaining 30 per cent, 27 per cent goes to the Asian countries and 3 per cent to Latin America. Africa is expected to lose up to US$ 3 billion per annum during this initial period because of the loss of preferences under the Lome Convention and the higher prices of food imports.

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6 Ibid.

7 Goldin I. Knundsen O. and van-der Mensbrugghe D., Trade Liberalization, Global Economic Information, OECD/IBRD, 1993.

81. While the Agreement may represent a significant development in the direction of free world trade, there are, indeed, many loopholes (e.g., Safeguard and Antidumping provisions). For one thing, the Agreement is riddled with so many exceptions, qualifications and safeguards, which could easily be invoked by trading countries to stall the implementation of some of its vital articles. For another, while the new system of world trade opens an era of free trade, the movement towards regionalism continues, with the creation of such systems as NAFTA, ALENA, ASEAN, etc., not to mention the consolidation of the EEC itself into the EU. A summary of the main features of the Uruguay Round Agreement is provided in Box II .1.

Box II. 1
THE URUGUAY ROUND: SUMMARY AND BRIEF ASSESSMENT

The Uruguay Round was the most ambitious GATT round so far in that it transcended the traditional bounds of trade in goods and included areas such as services, intellectual property, direct foreign investment and, for the first time, brought Agriculture and Textiles, which were excluded from previous GATT negotiations, under a set of international trading rules. The Agreement also strengthened some GATT rules against grey area measures (e.g., safeguard mechanism). It created an integrated and strengthened dispute settlement mechanism and established a new **World Trade Organization (WTO)** to supervise the results of the Round and continue negotiations on all trade-related issues. The WTO is a vastly more powerful institution than the GATT. Unlike the GATT, it is a legal entity vested with broad powers to settle disputes between trading partners and enforce the Uruguay Round Code of Conduct.

Market Access for Manufactures

Liberalization of market access for manufactured goods is expected to be achieved within a 5 year period. The proportion of goods entering industrial countries' markets at 0 duty is expected to rise from 20 per cent to 43 per cent, with tariff escalation reduced. "Grey-area measures", like voluntary export restraints (VERs), and orderly marketing arrangements, are to be eliminated. The largest cuts in industrial countries tariffs on manufactured goods have been where tariff rates were modest (tropical, industrial and natural resource based products). More limited cuts were agreed to for sensitive products like textiles, clothing, leather goods and foot wear. These products, however, remain subject to tariff peaks and albeit reduced tariff escalation. According to GATT, the import weighted average bound industrial country tariff will decline from 6 per cent to 3.6 per cent.

Textiles and clothing

The Multifiber Arrangement (MFA), which had regulated trade in textiles and clothing and which had placed quotas and other restrictive practices on developing countries exports of these products to the industrialized countries, is to be dismantled over a period of 10 years and replaced by tarrification. Some 49 per cent of products in terms of 1990 values would be liberalized at the end of the 10 year period. The MFA was introduced in 1974 as a "temporary measure" to enable industrial countries to adjust to the more competitive exports of developing countries. According to GATT, trade in textiles and clothing, which had been governed by the MFA, accounts for $136 billion in textile exports, and represents the equivalent of 80 per cent of the world exports of such products in 1990, excluding trade within the European Union.

Agriculture

Three substantive issues were resolved:

1. Market access: all countries are to scrap non-tariff barriers and reduce tariff. Developed countries have agreed to reduce tariff by 36 per cent over six years and developing countries by 24 per cent over a ten year period.

2. Domestic (income) support to farmers in the form of direct payments are to be reduced by 20 per cent in developed and 13 per cent in developing countries over the same period.

3. Export subsidies are to be reduced by 36 per cent in developed countries while developing countries would reduce their subsidies by 2/3 of the level of reduction in the developed countries.

Trade Related Intellectual Property Rights (TRIPs)

The agreement covered the main areas of intellectual property, including copy and related rights, trademarks, geographical indicators, industrial designs, patents, layout and designs of integrated circuits and undisclosed information of trade secrets. Contracting parties are obligated to include laws along with enforcement mechanisms for the protection of these properties into their national legal and institutional frameworks. The time tables are one year for developed countries, five years for developing countries and eleven years for the least developed countries.

Trade Related Investment Measures (TRIMs)

The final agreement did not add much that is new to existing GATT obligations but clarified and provided procedures to ensure effective compliance. Trade related investment measures inconsistent with GATT rules are to be phased out within two years in developed, five years in developing and seven years in the least developed countries.

General Agreement on Trade in Services (GATS)

The basic thrust of the agreement included general and sectoral trade in services. The general provisions relate to the extension of the most favoured treatment to all suppliers of services. The specific provisions deal with particular sectors, including movements of natural persons, air transport, financial services, maritime transport and telecommunications. The GATS agreement is more a framework for further negotiations and progressive liberalization rather than for immediate implementation.

Enforcement Mechanism

The rules - based international trading is to be overseen by a new organization, the WTO. Trade problems and conflicts are to be handled through the " Procedures Governing the settlement of Disputes" and adjudicated by the WTO thus invalidating unilateral measures.

Non-Negotiable Issues

During the course of the negotiations, the developed countries sought to tie non-trade related issues to trade. These included the linking of labour and environmental standards. In short the developed countries endeavoured to make trade subject to "internationally acceptable labour standards" and "environmentally sustainable production conditions". These conditions were successfully rejected by developing countries on the grounds that they could be used as an excuse for protectionism by the developed countries.

Some Major Concerns of Developing Countries

Uneven distribution of gains

While the anticipated overall gain from Uruguay Round of trade negotiations is US$ 213 billion, Africa, excluding Egypt and Libya, is estimated to lose $2.6 billion a year. A new GATT study raises the estimated global gain to US$500 billion.

Improved but limited market access

Tariffs on products of interest to developing countries have been cut, but they will remain at higher levels than those applied to products traded mainly among developed countries; and tariff escalation will be reduced, but not significantly. The Round will bring about only marginal improvements in market access in the crucial areas of agriculture and textiles.

Market access will also depend on the abolition of grey area measures, their replacement by transparent and clearly temporary safeguard provisions and the disciplining of antidumping practices. The new safeguard mechanism agreed to in the Round is due to replace grey area measures. However, the agreement legitimizes quantitative restrictions directed at individual exporters, albeit with fairly stringent limitations as to duration and proof-of-injury procedures. On the other hand, the anti-dumping agreement can be considered the major loophole of the agreement and may well lead to a recrudescence of protectionism.

Higher food prices for net food importers

Agricultural liberalization will raise world prices of food stuffs like wheat, maize, barley, beef, sheep and dairy products by 4 to 7 per cent. It is expected that this situation will result in higher world prices for food products of about 5 per cent, rising to 10 per cent for cereals, resulting in a heavier import bill for African countries, most of whom are net importers of food products, and this would affect food security.

Possible constraints on development policy

Developing countries will face more stringent restrictions on their ability to conduct development-oriented trade and industrialization policies, and their access to foreign technology will become more uncertain and costly. The Round also resulted in a significant erosion in the international consensus in favour of special and differential (S& D) treatment for developing countries in the international trading system.

Furthermore the Articles of Agreement establishing the WTO clearly require it to work closely with the International Monetary Fund and the World Bank without extending this mandate to the UN or its specialized agencies such as UNCTAD. This arrangement has generated understandable apprehension among the African and other developing countries. The concern emanates from the possibility of the WTO teeming up with the Fund and the Bank and operating on the basis of cross-conditionalities. This is a justifiable anxiety and if it turns out to be true it would further erode the capacity of African governments to develop their own development strategies.

TRIMs have engendered fears that, with the liberalization of investments, only weak restrictions are permitted on foreign investments, that their small scale domestic businesses may not survive competition from foreign enterprises, and that TNCs may pursue restrictive business practices. There is also concern that legal protection of the technological monopolies of industrial countries would place barriers to the technological development of potential new rivals from developing countries.

There is concern that TRIPs may affect the costs of medicines and products or processes, that the patenting of life forms may accelerate bio-diversity loss and threaten natural ecosystems. Farmers' groups and environmentalists, accordingly, are concerned that farmers in developing countries will be disallowed the traditional practice of saving seed for the next season's planting, if the seeds are protected under corporate intellectual property rights, and farmers are forced to purchase seeds. They have begun to argue the case for a sui generis system to protect their rights.

5. Increased emphasis on social issues

82. Because of the deteriorating social situation in many parts of the world, the UN has focused increased attention on social development in 1994. There is much concern with the rapid rate of population growth and the pressure of urbanization and rural emigration, the role of women in development, the decay in educational and health infrastructure, growing malnutrition and poverty, the worsening plight of refugees and displaced persons, and widespread unemployment and underemployment. Acquired Immune Deficiency Syndrome (AIDS) continued to cause great concern in 1994, particularly after the recent findings that the disease has made patients more susceptible to HIV-related infections and complications, such as tuberculosis (TB) which, in some cases, has doubled or tripled since 1985.

83. Ethnic conflicts and civil strife have caused untold disasters. Apart from the deaths of hundreds of thousands of innocent people, they have devastated vast areas, caused food emergencies and widespread disruption of economic activities and productive use of resources, created large numbers of refugees and displaced people, and in some cases led to a breakdown in the system of governance and civil community.

84. Health, education, employment and popular participation in social, political and economic development feature heavily on the agenda items of the United Nations International Conference on Population and Development, the World Summit for Social Development, and the forthcoming World Conference on Women. The International Conference on Population and Development concluded that the inexorable link between poverty and sustainable development is such that the eradication of poverty must be viewed as central to any policy for slowing population growth and for achieving early population stabilization. Among the issues to be presented before the World Conference on Women are the removal of major gaps and obstacles to accelerated advancement of women so that they can play their full role in socio-economic development, and how to deal effectively with

the gender aspects of poverty alleviation, employment generation and social integration.

85. In the Declaration and Programme of Action, adopted by the World Summit for Social Development, world leaders are urged to commit themselves to the goals of eradicating poverty in the world, and to promote full employment as a basic priority of economic and social policies. It urges national governments to pay particular attention to the following: a) efforts and policies to address the causes of poverty and provide the basic needs for all. These include the elimination of hunger and malnutrition, the provision of food security, education, employment and livelihood, primary health care, safe drinking water and sanitation, adequate shelter and participation in social and cultural life, with special priority to the needs and rights of women, children, the vulnerable and the disadvantaged groups and persons; creation of employment, reduction of unemployment and the promotion of appropriately and adequately renumerated employment as a strategic and policy focus, with the full participation of employers, workers and their respective organizations, so as to give special attention to structural problems of enduring unemployment and under-employment of youth, women, and people with disabilities; the promotion of basic social programmes, in particular those affecting the poor and the vulnerable segments of society; establishment of structures, policies and objectives that will ensure gender balance and equity in the decision-making processes at all levels; and, the broadening of women's political, economic, social and cultural opportunities, independence and empowerment, including the organizations of indigenous women at grassroots levels. Furthermore, the international community was urged to develop and to implement techniques of debt conversion applicable to social development programmes and projects.

6. Future prospects of the world economy

86. The Mexican financial crisis, which required an emergency aid package from the U.S. government, the IMF and others to avoid damage to the world financial system, has shown clearly the fragility of the new world economic system and the dangers inherent in the volatility of investment flows on the emerging markets. There are therefore serious risks ahead. The reforms for more liberalisation and privatization will of necessity have to take into account the dangers involved in removing all controls on private capital, and the provision of real needs for long-term capital in the developing countries through direct investment and joint ventures.

87. Information now available tends to indicate a continuation of the present economic expansion into 1995. There are worries about inflation in industrialized countries, now that capacity utilization has gone up, particularly in the United States of America. UN-DESIPA forecasts growth in 1995 at the same rate of 1994 for developed market economies while private economists forecast growth of around 3 per cent on average for most countries of the OECD[8].

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[8] The Economist, 11 February 1995, London.

88. For developing countries, IMF forecasts a growth of 3.8 per cent in 1995 compared with 3.1 per cent in 1994, and a strong acceleration in GDP growth in Africa by 4.5 per cent in 1995. By all accounts, this would seem to be an exceptional figure, given the record of the last 15 years in the Africa region. UN-DESIPA also estimates that there will be a slight acceleration of growth in developing countries from 4.8 to 5.5 per cent, because of better results in Africa, while in China and South and East Asia the trend will change slightly. The "economies in transition" are expected to experience a much smaller reduction of output in 1995 than had been the case since the demise of the socialist system. They are proceeding with further liberalization in the expectation that it will arrest falling output and restore growth. In fact, in a number of countries, such as Poland, Czechoslovakia, and the Baltic countries, this has already happened, but in the much larger Russia, the negative effects of the transition from a planned economy to a market economy still have to be overcome.

89. All these trends are predicated on a continuation of the present policies in industrialized countries to curb inflation, reduce production costs and control budget deficits. In the developing countries of Asia and Latin America, there is no reason to expect that the present expansion will stall, given their level of investment and capacity to promote growth. The experience of those regions has, however, demonstrated the risks of rapid growth. Some Latin American countries have experienced incidents of financial instability, while, in China, the new socialist market economy has brought in its wake some degree of social dislocation, in the form of rural exodus and urban unemployment, which has had some destabilizing effects on the development process.

90. It is estimated that current trends in world trade will continue in 1995, with the trade volume growing at 8 per cent. Manufactured goods prices are expected to grow in 1995 at approximately the same rate of 1994 (4.1 per cent compared to 4.5 per cent in 1994). Oil prices are expected to remain constant, while the rate of increase in the prices of other commodities is expected to be reduced by 50 per cent. Inflation is expected to decrease generally, although a slight increase may take place in the industrialized countries.

C. Africa's Major Challenges and Opportunities

91. Africa's development experience and the trends in the world economic environment pose both challenges and opportunities for the region. They call for a serious review and assessment of past and present development policies as well as a thorough examination of new perspectives and possibilities with a view to promoting sustainable economic growth and development and structural transformation of the continent, so as to avoid its further marginalization in the international economy. These challenges and opportunities, together with an analysis of the policy commitment to deal with them, are discussed in greater details in the appropriate chapters of this Survey. Here, we draw attention to a few key areas only where policy initiatives will be particularly decisive in shaping the course of future events in the region. These are structural transformation,

human resource development, improvement of infrastructure, and macroeconomic policies that provide an enabling environment for domestic and foreign investment, progress with debt relief, and integration schemes.

1. Structural transformation

92. The speed of technological change has become so rapid that no country, developed or developing, can afford to maintain an economic structure that does not respond swiftly to changing conditions in the world market. For African countries, therefore, diversification is a key policy area where they have to reasonably succeed if they are to cope with the rapid changes in the world market. In order to increase the capacity of African economies to respond more swiftly to changing world situations, there must be increased flexibility of economic structures through diversification. It is only by so doing that, the declining share of African countries in world trade could be arrested. In the long-term, African countries cannot rely on the stabilization of commodity prices to stem the deterioration in their terms of trade. To some extent, adverse terms of trade, and their serious impact on African economies, merely reflect the failure of those economies to respond to changes in the international economy, and to reduce dependence on export commodities that face weak demand.

93. The spectacular examples of diversification in Asia and the Far East have become the subject of much discussion and debate in the African countries. Comparisons have been drawn between Africa and Asia and the Far East, in order to draw attention to the lessons that Africa can make use of in the process of diversification.

94. The successful experience of diversification in Asia and the Far East illustrates, in particular, the important role played by education, foreign investment, small-scale enterprises, domestic resource mobilization, linkages with established TNCs, sound infrastructure and a supportive macroeconomic environment in enhancing diversification programmes. The experience has also demonstrated the role of a dynamic manufacturing sector as a promising vehicle for promoting a vibrant and diversified economy. In addition to expanding the production and export base, and easing balance-of-payments pressures, the manufacturing sector has usually induced technological transformation and built up know-how.

95. Finally, it has demonstrated the crucial role of the private sector in the diversification process. Clearly, if the structure of exports is to change and imports of manufactured goods are to be decreased, the private sector must be supported and encouraged to exploit entrepreneurial talents so as to take advantage of domestic and external windows of opportunity. That requires, among other things, the creation of a conducive environment, improved incentives structures, access to targeted credit, and training in technological and marketing skills, as well as exposure to external markets. The rapid development of African economies in a free-market world environment will be difficult to achieve without the active and dynamic participation of the private sector.

96. African governments have a critical role to play in creating a supportive environment for rapid diversification by providing financial, technical and managerial assistance for the development of non-traditional exports, and the creation of a conducive environment for industrial development. In particular, since diversification is a central objective of SAP, the impact of current SAP policies on the diversification process need to be constantly evaluated, to ensure that this central objective is achieved. But complementary assistance is also required from the donor community. This was why the UN Secretary-General proposed, in his report to the UN General Assembly in 1993, the establishment of a Diversification Fund for African Commodities. The Fund to be located at the ADB, was to be endowed with a capital outlay of US$ 50 - 75 million for an initial period of three to four years. The donors have, for the most, been reticent about the proposal.

97. Structural transformation should also aim at increasing the participation of African countries in global linkages and interdependence. In this connection, one of the most remarkable developments in recent years has been the success of several developing countries (mostly in Asia and the Far East) in becoming major participants in the growing global network of enterprises linked together by trade in goods and services and by investment flows. Most of these countries have developed the required capacity to provide efficient off-shore production facilities and services for TNCs.

98. It has been noted by the United Nations in its World Investment Report [9] that "those developments make it more important than ever for developing countries to build up their own human and physical infrastructure. In addition to providing the basis for industrialization and development of the domestic economy, it would allow national enterprises to join up with TNCs on a more equal basis. It would raise the quality and sophistication of FDI that a host country could attract, and would strengthen the prospects for technology acquisition. It would also enable host developing countries to build up supplier capabilities which are sometimes a precondition for the location of TNC activities and which, moreover, add to the economic and technological spillovers from affiliates. The building up of such facilities has been an essential feature in the developing countries, including those in Asia and Latin America, that have succeeded in restructuring both their international and domestic production sectors towards higher-value-added activities."

99. The same source has noted further, with most African countries in mind, that "Other developing countries that do not offer the locational advantages required by regionally or globally integrated firms, such as a skilled labour force, an open trading and investment environment, a developed communication and transport infrastructure and networks of local suppliers on which TNCs can draw, risked being

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[9] World Investment Report 1993, United Nations, New York, p.177.

further marginalized. Those countries need to consider how to formulate and coordinate policies so as to maximize the benefits from the emerging integrated international production system as well as from FDI in more traditional organizational forms which they may be in a better position to obtain."[10]

100. As part of the implementation of SAPs, many African countries have developed a new and open attitude towards FDI. While improving on infrastructure, they are far behind in developing skills for its maintenance or meeting recurrent costs.

101. The Uruguay Round Agreement has added a new urgency to the need for the rapid structural transformation of African economies. In the long-term, the Agreement poses the urgent need to step up measures for increasing the capacities of African economies to respond quickly to changes in the international market and enhance competitiveness which will enable them take advantage of new market opportunities. This would depend in turn on how quickly the African countries can diversify their economies and their exports, and improve the environment for raising substantially domestic production.

2. Human resource development

102. The whole thrust of technological development -- the increasing complexity of modern machines, the ever growing role of electronics and informatics, and the increasing replacement of large machines with miniaturized modules -- has placed a major premium on human resource development. It is important, therefore, to spare efforts to expand programmes for human resources development. The examples of East and South-East Asia have demonstrated that availability of highly skilled labour will certainly provide locational advantages for attracting the manufacturing units of TNCs.

103. Some countries (e.g., Hong Kong and Singapore) have been able to flourish without a substantial agricultural production base since they were able to make up for it by the skill mix of their labour force, a high productivity in value-added industrial products, and, consequently, a high capacity to produce and export such products in exchange for agricultural products.

104. There must be a three-pronged approach to efforts to increase the availability of high-level manpower and middle-level skilled personnel in Africa: massive investment to improve and expand training facilities; measures to increase the mobility of high level manpower among African countries; and, appropriate inducements and incentives to stem the loss of resources through the brain drain of high level skilled manpower, and to draw on the expertise of expatriate nationals who can make constructive contributions to development in their home countries. So far, programmes in these areas are inadequate, and require more resources and innovative initiatives.

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[10] Ibid.

3. Improvement of economic and social infrastructure

105. A properly maintained infrastructure is a _sine qua non_ for improved productivity. Therefore, further declines in the already inadequate economic and social infrastructure (due partly to lack of maintenance) have given rise for great concern. In many cases, inadequate infrastructure has lowered the level of productivity of domestic enterprises and made competitiveness in domestic and world markets weak. Indeed, it may be argued that the call for better and more consistent infrastructural services should substitute for the clamour for greater protection from more competitive imports.

106. Though the state of the economic and social infrastructure in many African countries is partly a consequence of current adjustment measures, the poor repairs and maintenance in many countries have further compounded the situation. It has been suggested that many African countries lack the "maintenance culture" which has to be built into several training and management programmes, in order to raise the overall level of productivity. Be that as it may, the situation is very serious in many countries and warrants immediate crash programmes to save infrastructure from the total collapse it is now facing. Although this need has been recognized and built into the recent SAPs, there is still much more to be done, particularly in power, water, transportation, education and health services.

107. In the free trade environment that is now evolving around the world (thanks to economic liberalisation in Eastern Europe and Russia, and the Uruguay Round Agreement) African countries will have great difficulty in resorting to greater protective measures to promote their domestic industries. In addition, there will be great pressure, mostly from the development partners, to maintain liberal policies on Africa's trade and payments. This is perhaps one of the greatest challenges that African countries would have to face in order to improve their competitive position in the world market of manufactured goods.

108. To meet this challenge, it has been suggested that the African countries should step up the integration of their economies as a means of raising their level of productivity and preparing themselves to face the more fierce competition in the world market. That is no doubt true. However, an equally important measure is a massive investment in economic and social infrastructure -- transport and communications, energy, water resources and, above all, facilities for human resource development -- which will greatly contribute to improved productivity. The willingness of Africa's development partners to support such massive programme should be regarded as an essential counterpart to their pressure on African countries to liberalize their economies. This seems typically the main thrust of their approach to similar situations in Eastern Europe and Russia.

4. Efficient macroeconomic management

109. The need to restore and maintain consistent macroeconomic policies that are adequately competitive and conducive for the maintenance of monetary and price stability, and a realistic exchange rate for the promotion of an enabling environment for domestic and

foreign investment is now generally accepted. Many countries have indeed attempted to combine this with adequate incentive and on enabling environment for private sector investment and entrepreneurship so as to increase economic efficiency and promote growth.

110. Few African countries have managed to walk, with varying degrees of assurance, the tight rope between the quest for monetary stability and the urge to maintain a high level of spending on a wide range of domestic economic and social needs. For many, however, it has been a difficult balancing act, with frequent crises and disruptions which have tended to push the economies away from the path of stability, steady job creation and capacity building.

111. In the highly-indebted countries, the debt overhang has made the situation infinitely more difficult. It often creates uncertainties about the sustainability of the balance of payments and macroeconomic stability, thus thwarting the recovery of private investment that is expected to promote the sustainability of growth and development. It cannot be overstressed that debt and debt-service reductions in the context of adjustment programmes will help reduce these uncertainties in the African countries.

112. With the widespread adoption of macroeconomic reforms, the debate has centred on how to ensure that these reforms achieve the ultimate goal of accelerating development and structural change without increasing the level of poverty and the rank of the poor, and without reducing the capacity of adjusting countries to sustain short-term gains over the longer term. The pace and scope of SAPs have in many cases contrasted sharply with the meagre results achieved, especially as constraints on supply capacity and export diversification, and the structural impediments to growth have persisted. Many countries are now worrying about the negative impact of economic liberalization on domestic industries, (particularly small-scale industries); about the deterioration in the public services, and the failure of sufficient procurement of private capital inflows to mitigate fears about future sustainability of the level of investment; and, about a further increase in the debt burden. How carefully these issues are dealt with is crucial for the success of the reform efforts in reversing the trend of marginalization of Africa in the world economy, and in making it possible for African countries to participate effectively in the evolving global linkages and interdependence of production units. In some cases, supplementary programmes to SAPs have been developed to address these issue, but much more remains to be done through wide-ranging socio-economic reforms and adequate external financial support to African countries to ensure the gains of reforms are not negated by the adverse effects of the programmes involved, and, more importantly, that growth and structural transformation reinforce each other.

5. Improved domestic financial markets

113. While African countries should exploit all possible opportunities to increase the volume of external resource inflows,

they should nevertheless be conscious of the limitations and difficulties likely to limit their success.

114. First, competition for foreign aid resources is likely to intensify, as more countries in Africa and elsewhere in the world persevere in their economic reform programmes. As a result, recipient nations may risk providing more incentives to attract foreign capital than would be justified by the results. In addition, donors have become more selective in granting aids to developing countries, and in the choice of the programmes and projects to be financed from a stagnating or declining ODA.

115. Second, the highly competitive global trading environment resulting from the implementation of the provisions of the Uruguay Round Agreement may impose additional difficulties on African countries in their endeavours to compete effectively in the international commodity markets.

116. Third, the failure of the IMF Board of Governors and the World Bank at their last Annual Meeting, held at Madrid, Spain, to agree on the allocation of Special Drawing Rights (SDRs) and sale of gold to increase international liquidity means that developing countries should not expect an immediate easing of their foreign exchange and balance of payments constraints. More importantly, the situation reflects a divergence of opinion among major developed countries as to whether adequate liquidity exists to support world economic recovery. In the circumstances, therefore, African countries need to mobilize domestic resources more intensively, and ensure that investment resources as a whole are used more efficiently. For this, they need to create a conducive environment by maintaining political stability and pursuing appropriate economic policies.

117. The recent global surge for the flow of private capital (largely by-passing the African region) presents African countries with challenges and opportunities for future mobilization of financial resources for development: (i) more efforts are needed to improve domestic financial markets so as to mobilize, in turn, domestic savings for development; (ii) creation of an enabling environment to attract private foreign capital in the long-run and in a non-speculative form; and, (iii) more effective monitoring arrangements to ensure the most productive use of public and private investment resources. These measures are necessary in order to accelerate the growth of domestic savings, benefit genuinely from the global increase in private financial flows, and ensure that these resources are used for projects that will promote domestic development and diversification.

6. Substantial progress with debt relief

118. The discussion of credible macroeconomic management has shown, so far, that, the challenge of economic reforms cannot be met fully without serious efforts to reduce the heavy indebtedness of African countries. Nearly all the countries involved have plunged more deeply into economic distress, to which heavy indebtedness and accumulated arrears have largely contributed. Now that the debt crisis has become the biggest handicap to development, the finding

of workable solutions constitute a major challenge to African countries and their development partners. There is need to press more vigorously for debt relief in order to ensure that the debt burden does not continue to clog the wheels of progress. The international community and African countries are now agreed that more needs to be done through more concessional terms for debt rescheduling and debt cancellation in order to bring the debt stocks of most African countries to sustainable levels.

119. However, the persistence of the debt crisis in many African countries shows that the debt relief measures taken so far have fallen short of effectively addressing the African debt problems. The provisions of the current restructuring agreements remain certainly inadequate in restoring debt burdens to a level that would enable African countries emerge from the vicious circle of repeated rescheduling.

120. The Cairo Agenda for Action has made several proposals to Africa's development partners which, if seriously taken-up, will help to reduce Africa's debt burden to a point where it ceases to inhibit investing in Africa. These include extending additional relief beyond the Naples Terms, particularly for severely-indebted low income countries, and considering innovative measures to deal with multilateral debt along the lines proposed by the UK regarding the sale of IMF gold, and to ensure that multilateral debt relief is not achieved at the expense of official grant financing. The Agenda has also proposed a number of mechanisms at the national, subregional, regional and continental levels, to follow up these proposals.[11]

7. Efficient management of natural resources and the environment

121. Africa faces major challenges in promoting an efficient management of natural resources, so as to maintain a safe balance between development and the preservation of ecosystems. A series of environmental problems and disasters, including land degradation and soil erosion, drought, deforestation and desertification, have in the last two decades exacerbated the socio-economic difficulties of most African countries and increased the awareness about the critical importance of environmental issues and problems in their development programmes. In particular, African countries have become more conscious of the need to manage environmental resources with greater care to achieve the objectives of sustainable development, given the close interlinkage of environmental degradation, poor economic development performance and increasing poverty in the African region. This awareness has further increased ever since the United Nations Conference on Environment and Development in 1992. For example, as noted in the "African Strategies for the Implementation of the United Nations Conference on Environment and Development (Agenda 21)" adopted by the ECA Conference of Ministers of Economic Planning and Development in May 1993, "one of the major goals of socio-economic

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[11] Relaunching Africa's Economic and Social Development: The Cairo Agenda for Action., Council of Ministers, Seventeenth Extra-Ordinary Session, 25-28 March, 1995, Cairo, Egypt. Document No. ECM/2 (XVII) Rev.3

development is to improve environmental quality. There can be no development if the benefits of rising incomes are offset by the costs imposed on health and the quality of life by pollution."[12]

122. Environmental awareness has found expression in a number of agreements since the coming into force of the two international conventions signed in Rio on climate change and the preservation of biodiversity. Within Africa, an OAU-sponsored convention (the Bamako Convention) has been adopted banning the importation of toxic wastes into Africa and the transboundary movement of such wastes generated in Africa. But perhaps the first international convention of particular interest to Africa to be negotiated and adopted since Rio is the convention to combat desertification signed in Paris on 15 October 1994. If it comes into force, as expected, following the ratifications by 50 countries, the convention will provide a legal framework for current and future actions to combat desertification and dry lands management in the afflicted countries. Attached to the convention is an African Annex addressing the continent's special needs, and the expected response from African countries and their development partners in combating desertification in the region.

123. Notwithstanding, the growing awareness of environmental issues and problems in Africa, many countries have yet to adopt and implement national policies, projects, action plans and institutional mechanisms to deal with them; and few coordinated strategies and programmes exist at subregional and regional levels for the implementation of environmental conventions in Africa. The external support and assistance received by the African countries for environmental projects and programmes from donors need also to be stepped up. For example, in the pilot phase (1991-1994) of the Global Environment Facility (GEF) that has been established to provide grant and concessional funds for environmental projects and activities in the developing countries, the projects under consideration for assistance to Africa amounted to only US$ 122.5 million, compared with US$ 239.1 million for Asia and the Pacific, and US$ 158.8 million for Latin America and the Caribbean. However, the Cairo Agenda for Action has set the stage for future action in Africa on the critical subject of environmental management. It concludes:

> "Equally important are the environmental factors in African development. The rate of degradation of Africa's environment and loss of genetic resources and biodiversity threaten the very survival of the peoples of Africa. The rapid population growth, increased poverty, displaced people as a result of conflicts, coupled with frequent droughts, have increased pressure for improved management of the environment. The African countries are called upon to give priority to the elaboration of the Protocol on Environment as called for in the Abuja Treaty and establish a national coordinating machinery to ensure integration of environmental issues into national development programmes, as defined in Agenda 21 and

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[12] ECA Document E/ECA/CM.19/8/Rev.1 of 18 June 1993.

the African Common Position in Environment and Development."[13]

124. What is needed on the part of Africa's development partners and the international community is the provision of greater resources to deal with environmental problems in Africa, and the accelerated implementation of agreed conventions.

8. Proceeding with integration schemes

125. In the area of Africa economic integration and cooperation, the major challenges are: (i) to rationalize the multiplicity of organizations and mobilize them effectively to achieve integration; (ii) to ensure better coordination of economic and social policies, at subregional and regional levels; (iii) to ensure that SAP policies reinforce rather than negate the objectives of integration; and, (iv) to effectively utilize the African Economic Community (AEC) and the sub-regional economic communities to harmonize disparate trade rules and regulations which obstruct the free flow of goods and services at subregional level, and rules on free movement of persons, rights of residence, etc. At present, these rules confer more rights of entry and residence in African countries on non-Africans than on Africans.

126. There are certain challenges to which the AEC should accord great priority so as to fulfil its mandate of strengthening existing subregional economic communities during the first five years of the implementation: namely that,the protocols to be adopted under the Treaty establishing the AEC should contribute to the harmonization of sectoral policies at the subregional level, as a stepping stone to policy harmonization at the regional level.

127. It is also expected that the AEC will establish guidelines that assist the subregional economic communities to promote intra-regional and inter-subregional investments that encourage production structures with inter-sectoral and inter-country links, with great benefit to improved productivity and the growth of intra-regional trade. In this connection, the Cairo Agenda for Action[14] has proposed that Africa integration organs should speed up the implementation of common projects that form an integrated development pattern, and formulate lists of common projects that can attract governmental and private investments, local and international.

128. Another major challenge is the improvement of regional and subregional infrastructure, particularly transport and communications, so as to facilitate the expansion of intra-African trade. There are, in fact, many ongoing programmes in this area, but progress has been stalled by shortage of funds and poor coordination.

129. Finally, African countries should give serious thought to abolishing, in the shortest possible time, all tariff and non-tariff

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[13] op. cit.

[14] Ibid.

barriers to the free flow of goods of regional origin entering intra-regional trade. This is not as revolutionary proposal as it may seem. For one thing, thanks to SAPs, African tariffs are already at fairly low levels, and abolishing tariffs on regional trade would amount to conferring a relatively small margin of preference on intra-regional trade. For another, thanks to the Uruguay Round, the wave of the future is towards freer trade, and it is not going to be easy henceforth to use protective tariffs against non-African countries as freely as had been the case in the past. It is noteworthy in this connection that in Articles 77 and 83 of the treaty establishing the West African Economic and Monetary Union (UEMOA), member States committed themselves to international free competition and adherence to GATT principles. Therefore, if the prognosis is that tariffs in the rest of the world will remain at low levels or even fall, the best way to confer preferential treatment on intra-African trade is to abolish all remaining tariff and non-tariff barriers on intra-African trade in the context of subregional harmonization of SAPs.

III. FISCAL, MONETARY, EXCHANGE RATES AND PRICE DEVELOPMENTS

A. Macro-Economic Policies

130. In 1994, African countries continued to implement macro-economic reform policies, mostly under the SAPs, with trade liberalization, openness to foreign investment, greater reliance on market forces both in the real and in the financial sectors and reduction of the public sector in favour of the private sector defined the overall policy framework.

131. The stabilization and adjustment measures were well anchored on the real exchange rate. Devaluation of domestic currencies, and liberalization of the foreign exchange markets, the major instruments for triggering competitiveness and reshuffling the incentive structure in favour of the tradeables sector, underpinned fiscal and monetary policy. These measures, supplemented by other macroeconomic policies, were expected to restore external and domestic equilibrium and render the economies more efficient.

132. It was realized that to achieve the all important and crucial policy target of stabilizing the economy, domestic demand needs to be curtailed by fiscal and monetary instruments. In consequence, fiscal policy focused on increasing domestic revenue by improving and upgrading tax administration, better controlling of expenditure by targeting resources on priority development goals. In conjunction with other policy instruments, fiscal policy sought to create an environment which would actively support and encourage private sector participation.

133. On the monetary side, the policy aimed at reducing the amount of money in domestic circulation by limiting the volume of credit and increasing the cost of borrowing. However, this measure failed to control the increase in the liquidity of the financial system due to the increase in money supply stemming from higher inflow of external resources, as well as a slump in the demand for credit by the private sector.

134. The major policy on prices has been the removal of statutory controls as part of the general process of deregulation and liberalization. It is assumed that the determination of prices by the forces of supply and demand will provide the correct signals to producers and consumers and optimize the allocation of resources.

135. Most African economies are still trapped in the stabilization phase of structural adjustment and have yet to make the transition to sustainable growth and development. Domestic economic management was influenced by the need to strengthen monetary and fiscal policy, adopt a more market-determined exchange rate and reform the public sector. The general focus of economic reform policy in 1994 remained the creation of a stable macro-economic environment, removal of the structural impediments to development and the creation of the necessary capacities to propel economic and social development.

B. Fiscal Developments

136. In 1994, fiscal policy broadly aimed to generate additional revenue and minimize government expenditure with the ultimate goal of reducing government budget deficits. To this end, many African countries sought to develop new methods and instruments of planning and budgeting aimed at public expenditure rationalization, and a more efficient generation and allocation of resources.

137. The drive to reduce government expenditure as a proportion of GDP was pursued with vigour. In consequence, total expenditure as percentage of GDP declined from 27 per cent in 1990 to 25 per cent in 1994. As was the case in the past, a significant share of the reduction fell on capital expenditure, and this is likely to impact negatively on future growth and welfare.

138. The combination of higher revenue and declining expenditure in many national budgets in 1994 helped to bring about a reduction in the size of the overall regional deficit from nearly 7 per cent of GDP in 1993 to 4 per cent in 1994.

Table III.1
Budgetary trends and their relationship to GDP developing Africa 1990-1994

1. Revenue

139. The tax system has continued to be revised and adjusted in many African countries in order to secure greater revenue collection and equity. The overall objective was to reduce and harmonize tax rates, while increasing overall revenue yield through wider coverage and improvements in tax administration. As a consequence of improved tax collection and some economic recovery, government revenue increased by 2 per cent to just over 21 per cent of GDP in 1994.

Table III.2
Country distribution according to growth rates of revenues, 1990-1993

140. In addition to the improved efficiency of tax administration, a number of other factors contributed to the increase in tax revenues despite the reduction in tax rates in most of the adjusting countries. The higher rate of economic growth was an important factor contributing to increased revenues. Secondly, the positive improvement in world prices for primary commodities in 1994 has had a positive effect on revenue both directly (by increasing revenues from customs duties) and indirectly (by reinvigorating domestic economic activity).

141. Table III.2 shows the country distribution of growth rates of government revenue in Africa between 1990 and 1994. 40 per cent of

the countries surveyed registered positive rates of revenue growth in 1993, and the percentage increased to 65 per cent in 1994, and only in 15 countries revenue had decreased. Although indirect taxes continued to dominate government revenues, direct taxes were beginning to show signs of making an increasing contribution. This is due largely to improved tax collection and administration.

142. For example, many African countries made substantial improvements in income and property tax collection. In Ghana, in 1994, taxes on income and property exceeded their target by about 21 per cent, despite the fact that the company tax rate for financial institutions was reduced from 45 per cent to 40 per cent while incomes derived by individuals from investments in housing finance companies were completely exempted from income tax. Other measures included the exemption from tax income derived by individuals from investment in companies set up to mobilize resources for housing-related financing schemes. These developments in the reform of tax rates the stool for further changes, typified by the introduction of a Value Added Tax (VAT) in early 1995.

143. In Nigeria, the government introduced a VAT in 1994 and decided to raise the withholding tax on rents, interests, and dividends, among others, from 5 per cent to 10 per cent. Personal and corporate taxes were reduced in Zimbabwe due to the high cost of living, and fiscal efforts focused principally on ensuring efficient collection of revenue and broadening the tax base in order to minimize distortions in the allocation of resources.

144. In Swaziland, revenue from personal income tax achieved more than the target set for 1993-1994 by an estimated E 74 million. Income tax revenues increased in 1994 by 11.4 per cent in Guinea, and by 25.3 per cent in Algeria. In Nigeria, tax revenue from non-oil sources increased by 23.6 per cent, reflecting increases in company income tax receipts. In Mauritius, the government is planning to reduce personal income tax and corporate tax in the 1994/1995 budget by Rs 175 million and Rs 35 million, respectively, on the assumption that these will be offset by higher receipts from import duty and import levy.

145. In some of the African countries the income tax has been made more progressive. For example, in Ghana the tax rates applicable to people with income below C 210,000 per annum were drastically reduced while taxes on income above C 14 million per year were raised to 35 per cent. Likewise, as part of the process of liberalizing the economy, the Zimbabwe government made important changes in the tax structure in 1992-1993. It lowered the top marginal rate of personal and corporate taxes from 45 per cent on incomes of Z$48,000 and above to 40 per cent on incomes of Z$60,000 and above, while at the same time reducing the number of tax brackets, and decreasing the marginal rates in those brackets by five percentage points.

146. In an effort to shield the poor and the low-income earners, some countries resorted to raising the threshold level of income tax. In Botswana, Swaziland and Zimbabwe, non-taxable income threshold increased by an average of 16 per cent, while in Zambia a base income

of ZK10,000 was defined as a minimum taxable for the informal sector operators.

147. In order to encourage tax compliance, improve administrative efficiency and attract investment, other African countries have attempted to reduce marginal tax rates, and broaden the tax base. In Botswana tax changes were designed to establish a better balance between direct and indirect taxation in order to attract foreign investment. Company income tax was decreased to 25 per cent from 30 per cent, while the top marginal rate for individual income tax was reduced to 35 per cent. In Zambia, taxes were kept at the 1993 rates in order to make more resources available to the private sector. This, together with the abolition of exchange controls, land reform and the privatization of parastatals, are expected to enhance the free market system. Algeria's emphasis was to improve tax collection following a series of reductions in tax rates in previous years, including lowering the income tax ceiling from 70 per cent to 50 per cent while reducing minimum corporate tax from 42 per cent to 38 per cent and cutting VAT rates from 21 per cent to 13 per cent.

148. Indirect taxation, especially customs duties, remains the most problematic area in tax revenue collection. For example in Ghana, collection performance in respect of taxes on domestic goods and services in 1993 was 75 per cent of the projected target, while import duties exceeded their target by 16 per cent. As in previous years, revenue from export taxes were only 69.7 per cent of the target. In order to minimize if not eliminate the incidence of these malpractices in the administration of customs and excise duties, several African countries took measures to reduce discretionary powers of officials by narrowing the spread between duty rates. In Ghana, import duties on all goods imported under exemption and concessionary rates were now fixed at a flat rate of 10 per cent in 1994 while those classified as standard and luxury goods were increased to 25 per cent. The sales tax rates classified as concessionary and standard have been unified and fixed at 15 per cent whilst those for luxury goods remained at 35 per cent. The Ghanian government also decided to increase the petroleum tax by 6 per cent. The impact of these reforms on the 1994 revenue initially showed a significant improvement over the previous year, although there was an overall shortfall of 14 per cent in revenue targets. Taxes on domestic goods were 1 per cent higher than the budget target while taxes on foreign trade showed a 28 per cent shortfall.

149. In Swaziland, revenue estimates for sales taxes increased from E105 million in 1992/93 to E122 million in 1993/1994, an increase of 16.2 per cent. Although collections show that the target was achieved, this was mainly due to inflation. In Kenya, the government lost revenue as a result of the removal of the 25 per cent surcharge temporarily levied on imports in September 1993. This temporary 25 per cent increase on all customs duties was introduced to fight inflation, but the duty rate on all capital equipment and spare parts was lowered from 20 to 15 per cent.

150. Some countries such as Zambia endeavoured to make adjustments in their international trade taxes, by lowering customs and import duties, while tightening controls to minimize the level of evasion

and smuggling. Additionally, efforts to minimize tax evasion and avoidance, through effective enforcement of existing rules and implementation of new ones were also prevalent in 1994 in these and other countries. Alongside the new tax policy, efforts were being made in Uganda to improve the low compliance rate by improving tax administration. In Egypt, a new unified tax was introduced which would simplify the tax procedures, while in Tanzania, a decision was made to publish the names of delinquent companies and individual tax payers to improve compliance.

151. The CFA zone countries continued their process of adjustment with some realignment of their tax structure. Cameroon revived export taxes on agro-industrial products to make up for the 17.0 per cent fall in revenues from import duties. Cocoa, coffee and cotton are now taxed at 15 per cent while timber and logs export duties are charged at 28 per cent. These new taxes are to be levied for only one year, in the first instance. Sales tax, previously assessed only on private business was extended in coverage to include public enterprises, with a 15 per cent rate across the board. In Chad, the reduction of imports of consumer goods as a result of devaluation had a negative impact on revenue.

2. Recurrent Expenditures

152. For developing Africa as a whole, there was a slight increase in total expenditure of about 1.7 per cent in 1994. Table 3 shows the distribution of the growth rates of recurrent expenditure in African countries over the 1990-1994 period. Although, the number of countries in which expenditure declined was much smaller than in 1993 (23 as against 6), the rate of growth was less than 10 per cent in 15 countries compared to 5 in 1994. The number of countries recording expenditure increases of over 30 per cent declined from 10 to 4 only during the same period.

Table III.3
Country distribution according to growth rates
of expenditure, 1990-1994

153. Emphasis was placed on improving expenditure discipline in several African countries. One of the major goals was to contain the growth of non-debt service recurrent expenditure of which the wage bill was certainly a sizeable component. Curtailment of public sector wage bill was generally addressed through reduction in salaries, retrenchments and early retirement programmes, but the specific modalities took different forms in different countries. In Kenya, Uganda, Congo, Cameroon and the United Republic of Tanzania, there were sizable reductions in the public sector workforce, but salary increases were made to compensate the retained civil servants for the effect of inflation. Following the devaluation of the CFA franc most of the CFA-zone countries increased wages and salaries. In Burkina Faso, Senegal, and Cote d'Ivoire the increases averaged about 16 per cent.

154. Despite the severe constraint on recurrent expenditures, substantial allocations were made for repair and maintenance of the physical infrastructure. In Kenya, attention was given particularly to the road network including the upgrading and improvement of rural access roads which will facilitate the marketing of the agricultural and livestock product. In Ghana, outlays for repairs, maintenance and renewals of physical infrastructure were increased by 25.7 per cent in 1993/1994.

155. Education and culture, defence, and health claimed a substantial proportion of government expenditure. In Zimbabwe, the allocation to education and culture represented about 35.7 per cent of total recurrent expenditure. The defence vote was increased by 10.1 per cent; and health and child welfare by 16.1 per cent. The latter increase went some way towards meeting government's objective of providing improved health standards for all despite rising costs. In Ghana, the education and health sectors had larger allocations of total recurrent expenditure -- 50.4 per cent and 19 per cent respectively -- in 1994. These allocations were meant to enable the education sector to provide more textbooks and other accessories, and the health sector to accelerate the rehabilitation of health facilities and to provide adequate drugs and dressings.

156. The rationalization of expenditure focused on reducing the size of the public enterprise sector and its wage bill through the accelerated privatization of public enterprises and improved administration and financial accountability for those remaining under government control. The Central African Republic seized the opportunity of devaluation to reform the public enterprise sector and institute a new civil service statute.

157. Expenditures on defence were increased in many African countries to maintain peace, order and security. Ghana's defence expenditure which was about 19 per cent of total recurrent expenditures increased by 3.5 per cent this year because of its participation in the West African peace efforts in Liberia. In Guinea, the defence sector received the second highest vote, (about 11.3 per cent of the total expenditures), after the education sector.

158. Finally, in order to mitigate the social impact of the structural adjustment programmes, and deal in particular with the plight of the disadvantaged and poor segments of the population, a major portion of the budget in the reforming countries was devoted to the social welfare sector. In Kenya, for instance, provisions were made to support the poorest segment of the population and food assistance was provided to drought affected people and to refugees sheltered in Kenya. These programmes include bursaries to poor parents to pay school fees in secondary schools, increased supply of drugs and other materials for health services in rural areas, site and service improvements of housing for the urban poor, rural industries and employment generation programmes for the development of Jua Kali enterprises. In Zimbabwe, a Z$ 100 million social welfare and development fund was created, with an additional Z$60 million for drought relief and Z$ 20 million for tillage in the communal areas.

3. Capital Expenditure

159. The main thrust of capital expenditures in the adjusting African countries was to finance ongoing development projects and make provisions for new projects in key sectors, including infrastructure, so as to improve the environment for private investments. Consequently, the share of government revenue allocated to public sector investment has been on the decline. As shown in Table III.1, investment expenditure declined from 7 per cent of GDP in 1990 to 6 per cent in 1994.

160. The pressure to reduce government expenditure has had a major effect on public sector investment. To begin with, the decline in government expenditure has been totally absorbed by cuts in public sector capital expenditure. Secondly, since capital expenditure accounts for more or less the entire budgetary deficit, the pressure to decrease the deficit has fallen more heavily on public investment, with negative consequences for future welfare. This is the more so since it is now acknowledged that public sector investment has had a "crowding-in" rather than a "crowding-out" effect on the private sector.

4. The Budget

161. According to Table III.1, total expenditure as a per cent of GDP was 24.9 per cent in 1994 compared to 25.1 per cent in 1993 and 26.0 per cent in 1992. Total expenditure in 1994 was US$92 billion representing a 1.7 per cent increase over 1993. Revenue increased by 2.1 per cent over 1993 levels and was 10.6 per cent higher than the 1992 level. As a percentage of GDP, revenue was 21 per cent in 1994, not significantly different from the level of the previous two years. The budget deficit, at US$14.2 billion amounted to 3.9 per cent of GDP.

162. Despite the general economic malaise, some countries showed favourable fiscal balances and improvements over the previous year. Nigeria reduced budgetary deficit from about N101 billion in 1993 to about N52 billion in 1994. This fiscal improvement was aided by the increase in non-oil revenue emanating from the 5 per cent increase in the VAT, the reintroduction of excise duties in the manufacturing sector and proceeds from the privatization program. Botswana and Lesotho maintained balanced budgets which helped to project a favourable environment for the inflow of capital to the subregion.

163. Most African countries financed their deficit through the traditional means of domestic borrowing and external credit. The external resources included grants and bilateral and/or multilateral credits. In Swaziland, a relatively small issue of Treasury Bills was made available to finance temporary fluctuations in government revenues. In Mauritius, the bulk of the deficits were raised from domestic sources while in Tunisia, the deficit is expected to be financed mostly by foreign borrowing. For the last few years the deficit in Togo had been financed mainly by the build up of payment arrears and by the drawing down of Treasury reserves held abroad. In Namibia, the total deficit of N$407m is expected to be financed

from domestic sources with no recourse to external borrowing while in Egypt, it is to be financed from local sources.

Figure III.1
Fiscal Indicators for Africa

164. In order to reduce and/or eliminate their fiscal deficits, many African countries initiated tax reforms and fiscal restraint. However, the success of such efforts was limited by the pressure to spend on vital public infrastructure and basic services (e.g., health and education), giving rise to a major dilemma which will be difficult to resolve without greater domestic savings, increased ODA, a much higher level of FDI and substantial levels of debt relief.

165. In 1994 several countries sought to improve the administration of public finances and increase accountability. Zambia inaugurated a special task force to reduce waste in government spending. Gabon's post devaluation emphasis was on reducing expenditure and improving revenue assessment and collection.

166. Other countries pursued expansionary policies. In Namibia, despite budgetary constraints, there was an increase in capital expenditure aimed at redressing some of the social inequities of past policies. These included allocation of additional resources for agriculture, better water supply, and improved sanitation and electricity services in both rural and urban areas. Morocco pursued an expansionary policy involving higher social spending to boost economic growth. Total expenditure increased by 16 per cent while capital expenditure increased by 26 per cent. In Algeria the budget of unemployment benefits were introduced as well as price subsidies for imported cereals, milk and children's food.

C. Monetary and Financial Development

167. In 1994, monetary policy was carried out mainly at the cost of eroding social welfare. This was achieved by controlling the money supply, and maintaining tight credit policies, including high interest rates. Savings instruments were diversified and central banks were made more effective through improved banking regulations and accounting procedures. Despite these endeavours, there was a high level of monetary expansion, emanating mainly from the monetization of the public sector deficit, from devaluation of the local currency and the associated domestic wage increases, and from higher external resource inflows.

168. Compared with 1993, however, monetary stance was less expansionary in 1994. Money supply (defined as currency outside banks plus net demand deposits) for the region showed an increase of 19.4 per cent in 1994 compared to 26.3 per cent for 1993. The volume of money, M2, (i.e., M1 + quasi-money) increased by 20.8 per cent.

Table III.4
Growth of monetary indicators in developing Africa, 1990-1994

169. The expansionary force behind the high monetary growth was the net increase in the foreign asset position of the region, augmented by a modest expansion in domestic credit. Net foreign assets increased by more than 18 per cent relative to the 6.6 per cent of 1993, due to the increase in the inflow of foreign financing under the SAPS as well as the buoyant export revenue receipts.

Table III.5
Frequency distribution of African countries according to growth rates of money supply 1990-1994

170. The net increase in foreign assets to some extent compensated for the restrictive domestic monetary policy of low credit volumes and high interest rates. In many African countries governments refrained from borrowing from the central bank to finance deficits. The rapid money supply growth in Zimbabwe was attributed to domestic borrowing by the central government to finance budget deficits and the huge capital inflows. To contain the impact of the rapid money growth, a "special bill" was issued by the Agricultural Marketing Authority along with new issuance of Treasury Bills.

171. In Zaire, rapid monetary expansion began in 1993 with the introduction of a new currency - the Nouveau Zaire (NZ). The change was much less smooth than anticipated, and the situation was further aggravated by the refusal of the Kasai provinces to accept this conversion. This is crucial because the provinces are the largest producers of diamonds which is now the only source of foreign exchange. The situation has deteriorated further with escalating inflation, and a general loss of faith in the currency as a medium of exchange and a store of value, and an increasing resort to barter-oriented trade.

172. In Nigeria the monetary situation was characterized by excess liquidity and weak implementation of monetary policy. Furthermore, pressure from interest groups hampered the government's ability to implement consistent policies on exchange rate and inflation control. Escalating inflation, depressed consumer confidence and fear of civil unrest encouraged capital flight. Although oil prices were fairly stable, foreign exchange shortages were highly pronounced and the resulting shortage of imported inputs aggravated the downward spiral of industrial output, especially in the manufacturing sector. The refusal of the present government to continue with IMF sponsored programs, hampered access to external capital markets, and seriously reduced the availability of medium and long term sources of funds for the implementation of various programs. In 1994, the Naira was pegged to the US dollar at N22:US$1 which was considered an unrealistic rate even by the central bank. To some extent, the 1995 budget moved back to free market reforms by floating the Naira which subsequently settled at about N82:US$1. However, the old rate

of N22:US$1 was maintained for special purposes.[15]

173. In Kenya, the money supply grew rapidly by about 34.6 per cent during 1993 and this forced the government to take restrictive measures. In 1994, the government increased the volume of treasury bills offered at the weekly auctions from Ksh 1 billion to Ksh 5 billion, and this increased the discount and interest rates. As a result, most of the increase in the broad money supply (M2) in 1993 was neutralized during the first half of 1994 when total domestic credit declined by 1.1 per cent. But the money supply picked up again in the second half of 1994 as a result of an increase in net foreign assets, which, in turn, was due to higher commodity prices, low demand for imports, disbursement of external resources under SAPs, and some return of flight capital due to high domestic interest rates. These developments had increased the money supply by about 28 per cent by the end of 1994.

174. For some African countries especially those in the CFA franc zone, tight monetary policy has always been in place and the outlook is that this policy which restrained government borrowing while making a large volume of credit available to the private sector, will continue in the future.

175. High interest rates may have been a major factor impeding private investment in 1994. In many African countries such as Nigeria, Zimbabwe, and Ethiopia interest rates were discouragingly high as a result of which private sector investment declined while some other countries interest rates were kept deliberately low to stimulate economic and commercial activities. For example, in Botswana interest rates were reduced to provide assistance to businesses with high debt payments and to revive dormant capacity. The goal was to ease monetary policy provided that inflation would remain at a low level and continue to decline.

176. Overall, the thrust of monetary policy in 1994 was to promote economic recovery through an increase in savings and investment. It also aimed at price stability and increased availability of credit to the private sector. The need to remove the constraint on domestic savings was evident in the policy of many countries. For example, monetary policy in Morocco was geared towards increasing domestic savings in the long run. Thus, the VAT on bank interest was reduced by half to 7 per cent and it may eventually be abolished. To help improve the general climate such that the monetary policy can function properly, countries like Benin, Niger, Zimbabwe have initiated measures to reduce excess liquidity and constrain the public sector wage bill while providing incentives to encourage the repatriation of flight capital. Other initiatives of general monetary policy in 1994 aimed at encouraging competitive banking systems which would carve out a greater role for the private banks, promote

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[15] There was considerable criticism in the Nigerian press when nationals going on religious pilgrimage in 1995 were given the concessionary rate while those requiring foreign exchange for examination purposes were denied this facility.

competition among financial institutions and diversify financial savings instruments.

D. Exchange Rate Policy

177. The stabilization and adjustment strategy pursued in most African countries is anchored invariably on the depreciation of the real exchange rate. The basic objective is to attain an optimal value for the domestic currency which would promote economic growth with stable prices and sustainable current account deficit.

178. However, the relentless efforts and experimentation with a variety of foreign exchange arrangements, supplemented by tight monetary and fiscal policies, over the last decade and a half, has not succeeded in eliciting an exchange rate that would both stabilize the economy and stimulate growth in many African countries. In some countries, particularly where the government had not succeeded in restraining monetary and fiscal expansion, devaluation has tended to place the domestic currency on the trajectory of successive devaluations and spiralling inflation.

179. The forces generating such instability of national currencies are not difficult to understand. The crucial parameter in exchange rate management and realignment is not the nominal exchange rate. In order for the exchange rate policy to be effective, it is necessary for nominal devaluation to bring about a depreciation of the real exchange rate. When this condition is satisfied, and assuming price elastic supply and demand, devaluation would likely increase the volume of exports, reduce the volume of imports and relieve the pressure on the current account balance.

180. Prior to the 1980s, African governments refrained from using the exchange rate as an active policy instrument on the ground that devaluation would trigger inflation and aggravate budget deficits without much positive impact on the balance of payments. The experience of most African countries that devalued their currencies has confirmed these fears and apprehensions, and the major lesson is that devaluation, unless accompanied by strict monetary and fiscal discipline, and a concerted effort to improve supply elasticities, will not by itself achieve the desired end-results.

1. Exchange Rate Arrangements

181. The two broad types of exchange rate arrangements that have been adopted in African countries are: pegging and floating. Until recently, the former arrangement was the most prevalent, but there has since been a conspicuous shift in favour of flexible exchange rates as shown in Table III.6.

Table III.6
Exchange Rate arrangement of African Currencies 1990-94

182. Only 11 African countries pursued flexible exchange rates policy in 1990, but the number had doubled by 1994. Of the different types of flexible arrangements, the independent float has grown stronger as a SAP conditionality, with 16 of the 52 African countries now adopting this arrangement compared to only 5 African countries in 1990. Independent floats set the exchange rate essentially in two ways - periodic auctioning and interbank foreign exchange markets.

183. A number of African countries changed their exchange rate management in 1994. Nigeria abandoned the floating regime in favour of US dollar peg, while some other African countries opted for a market-determined rate. Kenya, Malawi and Zimbabwe shifted from pegging to a composite of currencies to independent float, while Mozambique abandoned indicator-based arrangement in favour of floating.

184. Besides the 14 CFA zone countries, only 6 other African countries peg their currencies to a single currency while another 10 did so with respect to a basket of currencies. The trend in exchange rate arrangement in Africa is increasingly, therefore, in favour of flexible exchange rate rather than pegging to a single currency or basket of currencies. An obvious advantage of flexible exchange rate, particularly the independent float, is the ease of management.

2. Currency Convertibility

185. A number of African countries have now graduated from inconvertible currencies and strict payments restrictions by abandoning the shelters provided by article XIV of the articles of agreement of the IMF in favour of article VIII. Under the latter, countries are prohibited from imposing restrictions on payments and transfers for current international transactions.

186. By 1994, twenty-five African countries had convertible currencies. These included the CFA countries as well as Ghana, Uganda, Kenya, Gambia, Mauritius, Morocco, Tunisia, Djibouti, Seychelles, South Africa, Swaziland and Nigeria (until December 1993).

187. In many countries, including Kenya, Botswana and Malawi, there were new initiatives in 1994 aimed at improving the management of the foreign exchange market. In Kenya residents can now buy and sell foreign exchange at authorized dealers for all requirements except capital transactions (such as trade in shares, government stocks etc.). Ceilings on current account transactions have been lifted, and residents can now invest up to U$500,000 outside the country through commercial banks. In addition, unlimited offshore borrowing is now permitted. Botswana has removed all foreign exchange restrictions on current account transactions, and the authorities are now reviewing capital account transactions. In 1992/93 and 1993/94 profits from foreign exchange reserves replaced customs and excise duties as the second largest source of government income.

188. In Mauritius the foreign exchange market has been fully liberalized, and the government intervenes only through "selling" and buying" dollars. Commercial banks have been given the freedom to

undertake foreign exchange transactions while the tax on foreign exchange activities for capital account has been abolished. Egypt has also abolished all controls on foreign exchange transactions. Individuals can now transfer any amount of foreign exchange in and out of the country as well as within the country, but the transfers have to be done through the commercial banks. However, transfers by non-residents are still regulated by the government.

189. The maturing of the foreign exchange markets in the African countries is reflected in the narrowing of the differentials between interbank rates and non-bank exchange bureaux rates, as is evident, for example, in Ghana. This implies that banks can compete more keenly with the non-bank foreign exchange bureaux which have greater access to the informal sector. However, for the liberalization of the foreign exchange sector is to become fully effective, macroeconomic instruments must create the necessary enabling environment, in particular ensuring positive real interest rates, a stable financial system, equitable tax structures and sound fiscal policy.

3. Exchange Rate Volatility

190. In spite of the various experiments in the management of the foreign exchange markets in African countries over the last decade and a half, most of the currencies in the region have been depreciating at an alarming rate as a result of which their external values are now all but a fraction of their pre-devaluation values.

191. Between 1980 and 1994, with the exception of Libya and Seychelles, the value of the U.S dollars in terms of domestic currencies increased by at least 100 per cent in the official markets. In 1980 for example one US dollar was worth 0.55 Naira, 7.6 Kenyan Schilling, 8.2 Tanzanian schilling, 0.5 Sudanese Pound, 0.83 Malawian Kwacha etc. By 1994 the value of the dollar in terms of these currencies increased astronomically, and at the end of the year the official rate were 22 Naira, 56 Kenyan shilling, 510 Tanzanian shillings, 28 Sudanese pound, 8 Malawi kwacha per US dollar.

192. The immediate impact of the deterioration of the local currency is felt on domestic prices, lower capacity utilization of import-dependent economic activities, particularly the manufacturing sector, as well a depressing investment on account of high cost of imported capital goods.

Table III.7
Exchange rate development in selected African countries 1990-94
(National currencies per US $)

4. Currency realignments

193. In 1994, a number of African countries devalued their currencies. In Algeria, the dinar was devalued by about 40 per cent as part of the country's economic stabilization programme. The main objective was to make non-oil exports competitive as well as to

reduce government deficit. The Zimbabwean dollar was devalued by 17 per cent in January. By the 3rd quarter of 1994 the gap between the market rate and the official rate had narrowed considerably, leading to full convertibility of the Zimbabwean dollar.

194. But by far, the most spectacular currency realignment of the year was the devaluation of the CFA franc, the first for almost half a century. The 13 West and Central African states along with the Comoros using the CFA franc had benefited from a long period of low inflation and sustained economic growth, and it was not until the 1980s that an imbalance began to emerge as a result of the appreciation of the French franc against the currencies of the zone's major trading partners. The effect of this was aggravated by the worsening terms of trade for the zone owing mainly to the fall in world market prices of its major exports (cocoa, coffee, cotton and petroleum in particular), and an increase in import prices.

195. Since the mid-1980s, GDP growth in the zone had been generally low or negative, and investment ratios had been declining. Except in Gabon, current account deficits were becoming unsustainable with per capita income falling and financing gaps widening. The fiscal situation was deteriorating due to a shrinking tax base as a result of the declining competitiveness of the export- and import-substitution sectors. The internal adjustment strategy was adopted by some of the zone countries was alone not enough to correct the serious distortions that had developed, as it would likely result, and actually did result in the reduction of wages and salaries, increased taxes and cuts in priority current and capital expenditures, with adverse consequences on growth and development.

196. In the short-term, the provision of standby arrangements by the IMF and the writing-off of debts (mostly ODA) and debt reschedulings by France provided some cushion. Furthermore, most of these countries implemented controls and protective schemes to mitigate the most immediate impact of the devaluation, especially on the vulnerable groups. The IMF has assisted in formulating comprehensive adjustment programmes providing financial support. Through its Enhanced Structural Adjustment Facility (ESAF) it has allotted US$1.6 billion, of which US$555 million would be available for these countries in 1994. At the same time the World Bank had earmarked US$1.5 billion in support of adjustment programmes. France has also established a special fund, FF300 million to finance social projects in those countries severely affected by the devaluation. The fund will be used to finance essential drugs, basic equipments and public works.

197. In the medium-term, when most of the immediate funding that were made available would have been used up, some of these countries, for example, Chad, Niger, Burkina Faso, Mali and the Central African Republic, which are net food importers, may face difficulties. In the case of Benin and Togo, they will continue to benefit from the large market of Nigeria and the impact will be diminished somewhat by the continued convertibility of the CFA franc and the fall of the Naira.

198. Preliminary results show that some of the CFA franc zone countries have performed better than expected in the short run both in the export and domestic sectors with an upsurge in the import substitution sector. Inflation which would have dampened the gains of devaluation has been controlled, averaging 25-30 per cent in 1994. Devaluation has allowed the CFA countries to return to competitive and profitable exporting. Countries like Burkina Faso, Côte d'Ivoire and Togo have experienced marked increase in the export volumes of primary commodities (coffee, cotton, cocoa) largely because of the increase in producer prices. Senegal's tourist industry is showing an upturn. Intra-zone trade is also flourishing. Competing with subsidized meat exports of the European Union, meat exports have begun to increase. Before the devaluation, only 20 per cent of Côte d'Ivoire's imported meat came from West Africa but now 80 per cent does. Central African Republic, Chad and Cameroon have boosted livestock sales to Gabon. Senegal has increased its fish exports.

199. On the negative side, the transition has been a bit more tumultuous for others. Countries like Cameroon and Chad have not benefitted greatly from the competitiveness in agriculture and other primary exports, and there is little optimism that they can do so in the near future. Thus to reap the full benefits of the devaluation, these countries would have to implement in the medium and long term a number of structural reforms, including relevant fiscal and monetary policies, and strategies on wages and prices that will promote stability and equity.

200. For the impact of devaluation to be felt by the poor farmers, some degree of redistribution policies and public investment programmes should be provided such that the benefits of devaluation do not accrue to the big trading companies only. A comprehensive debt strategy is necessary so that devaluation would not undermine the fragile economies of the affected countries.

201. There has been concern as to the impact of devaluation on inflation, the manufacturing sector and imports. There is particular concern on that devaluation might set off an inflationary spiral. It is now clear from experience that some of these negative impacts can be avoided if appropriate fiscal, monetary, wage and price policies are integrated with the exchange rate policy.

202. The impact of devaluation on production has been the subject of a pervasive notion of "elasticity pessimism", i.e., that the production of exports and import substitutes which is critical for the success of devaluation, is not price elastic. The counter argument is that although there are structural rigidities, this pessimism should not be overstressed. Since most African economies are operating below full capacity because of lack of producer incentives and the difficulties associated with imports of production inputs, devaluation along with an increase in 'quick disbursing' external aid to purchase imported raw materials and intermediate goods can pay-off in the short-run, especially for the manufacturing sector. Furthermore, by raising incentives and incomes of farmers, devaluation can ensure that there will be a market for the increased production of manufactured goods. The conclusion is that production may be more responsive to devaluation than is generally supposed,

but that complementary policy measures and reforms to address supply response, attract investment, and deal with some of the serious adverse effects of devaluation on particular groups, would have to be put in place to ensure the success of devaluation. However, these measures are not usually quick - fixes; hence the divergent experiences with devaluation[16] even among African countries.

E. Price Developments

203. Liberalization of prices is one of the main requirements by SAPs in African countries. Prior to that most African countries had a regime of price and other controls on consumer goods and services. With the advent of SAPs, sweeping decontrol measures were put into effect. For example, in Cameroon, there has been a gradual phasing out of the system of government-regulated price changes on many goods and services since 1994. However, certain categories of goods and consumer necessities, utilities, (basic food supplies, housing etc.) energy and fuel, agricultural input and supplies, had been excluded from these decontrol measures.

204. With most controls removed, consumer prices generally increased. The rate of inflation remained high in the African region in 1994, averaging 53.6 per cent compared to 37.3 per cent in 1993. In addition to the higher inflation in Zaire, there was a rapid increase in prices in countries such as Zambia (115 per cent), Sudan (126 per cent), Mozambique (56 per cent), Nigeria (50 per cent) and Kenya (48 per cent).

Table III. 8
Frequency distributions of African countries
according to annual growth rates of consumer prices 1990-1994

205. All of the 40 countries surveyed and for which data is available recorded price increases, a conspicuous departure from the experience of previous years. On the other hand, a number of countries moved into double digit inflation while four recorded a three digit inflation.

206. In Algeria, prices increased by 30 per cent due to the devaluation of the dinar by 40 per cent, the reduction of subsidies on basic goods and the liberalization of prices of nine food items, including bread, flour, milk and domestic fuel. In Egypt there was a reduction in subsidies, an increase in direct taxation and a continued price deregulation. It is expected that these measures will lead to price increases, but that these would likely be moderated by fiscal and monetary measures, a stable exchange rate,

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16 For some recent pertinent remarks on the experience of Cameroon and Cote d'Ivoire in this regard, see a recent article in the Wall Street Journal of 10 May 1995, p. A-1," Mixed Results: After Devaluation, Two Nations Differ".

limited wage increases and lowering of tariff rates. On this assumption, the inflation rate is estimated to stabilize between 3-5 per cent by the end of 1995. In Uganda, inflation had ebbed in 1993 showing negative year-on-year rates for 4 out of 12 months. The rise in the rates in March was due to 18.2 per cent increase in food prices. This has compelled the government to take firm control to maintain strict monetary discipline.

207. In some countries, duties were reduced or eliminated to offset the price effect of devaluation on imports. This was carried out in Togo where duties on salt and pharmaceutical were eliminated and duties on school books, pencils, chalks and other education materials were halved. Burkina Faso reduced custom duties on essentials (rice, sugar, milk, flour). In both countries, there were serious reprisals against those disobeying price controls. These included closure of business and/or fines.

208. The most significant movement from low or declining inflation to high inflation was in the CFA countries. Prior to devaluation, these countries enjoyed a regime of stable or declining prices. In 1993 nine of the CFA countries had falling prices while the rate of inflation in the remaining five countries was less than 5 per cent. However, the immediate effect of the devaluation of the CFA in January 1994 was an increase in prices. Prices increases in Senegal and Cote d'Ivoire by more than 20 per cent while in the Sahelian CFA member countries, such as Niger and Burkina Faso, the rate was close to 40 per cent.

209. In addition to currency devaluation, the major contributing factors to price increases in 1994, included growth in the money supply and the removal of subsidies on food staples and other necessities. This was the situation in Nigeria where the removal of fuel subsidy along with hoarding in anticipation of social unrest sustained the high level of inflation.

Figure III.2 Consumer Price Growth, 1990-94
(Percentage Change)

210. The adverse effects of devaluation on prices caused some countries to revert to price control once again during 1994. Countries which instituted price controls included Chad, Gabon, Central African Republic, Togo, and Burkina Faso. In Gabon price controls were placed on bread, flour, and other essentials as well as public utility tariffs, including telephone, water, electricity and internal transport. In the Central African Republic there was a freeze on all prices of goods and services, but this had led to hoarding and further inflationary expectations. In Burkina Faso basic items prices were frozen and increases between 24 and 39 per cent were allowed for other items. In Togo all petroleum prices were frozen.

F. <u>Overall Assessment</u>

211. Although fiscal, monetary and exchange rate developments in Africa in 1994 was in general consonance with the policy direction

and regimes recommended by the Bretton Woods institutions, albeit in varying intensity in different countries, the overall result fell conspicuously short of the expected outcomes. In many African countries, the domestic economy failed to stabilize, the current account was no more sustainable than in the pre-SAP period; nor did vigorous growth resume in most of the adjusting countries.

212. As pointed out earlier, high interest rates together with the fast depreciating exchange rate, and the generally depressed demand in the developing countries, constrained capacity utilization and inhibited investment in new plants. The state did "shrink" to some extent in many countries, but that did not necessarily lead to the stimulation of the private sector. On the contrary, the withdrawal of the state from vital areas of social and economic infrastructural support seems to have induced a "crowding-out" effect on the private sector rather than the "crowding-in" effect as anticipated.

213. In the light of these developments, it is perhaps necessary to revisit the SAP strategy once again and articulate a more appropriate framework to revive and further dynamize the region's economy.

IV. REVIEW OF SELECTED SOCIAL ISSUES

A. Introduction

214. The severe crisis that engulfed the African social sector in the 1980s has not abated. High rates of unemployment, currently estimated at 30 per cent, may well continue to the end of the century, contributing to the high levels of poverty which remain the main challenge to development efforts in Africa. The region continues to experience high population growth rates, famine and food insecurity, political instability and protracted civil wars despite the democratization process in many countries. Severe cutbacks of expenditure on education, together with emphasis on cost recovery and cost sharing, continue to affect the sector adversely. The result is the falling of gross enrolment ratios, haphazard attendance, high attrition and repetition rates, low morale and exodus of teachers from the profession. In some cases, pay disputes between Governments and teachers' associations, as well as political tension or strife, have contributed to the closure of many educational institutions. As with the educational sector, so with the health sector. Cost recovery programmes as well as pay disputes have interrupted the demand for quality health care in many countries. The only positive developments in the social scene in 1994, perhaps, were in the democratization and popular participation process, culminating in the establishment of elected governments in many African countries.

215. Women, children and youth bear a disproportionate burden of the social crisis in Africa: they constitute 70-80 per cent of the refugees and a preponderant proportion of the unemployed and the participants in the informal economy. African women suffer from the highest maternal mortality rates in the world, while the level of illiteracy among them is almost unsurpassed anywhere else. This chapter analyses trends in selected social aspects of development, focusing on such key areas as the demographic situation, employment, poverty and income, health and nutrition, refugees and displaced persons.

B. The Demographic Situation

216. The African population, estimated at 744 million in 1995, will double in 23 years at the current growth rate of about 3 per cent per annum. The rapid rate of growth has made rational management of resources difficult, as population pressures contribute to unsustainable use of natural resources and environmental degradation - both of which in turn accentuate poverty. In 1985-1990, all the major regions of the world except Africa had population growth rates lower than those in 1950-1955. Africa's current rate of population growth is above that experienced in any other region during the last 40 years.[17] On the whole, the African demographic profile is characterized by high fertility levels, and current estimates indicate that the average number of children per woman was 6 in

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[17] United Nations, World Population Prospects: the 1992 Revision, 1993, p.12. Sales No. E.93XIII.7.

Africa, compared to 3.21 in Asia and 3.05 in Latin America and the Caribbean. A survey carried out in 1992 by the UNFPA in 41 selected African countries revealed an average number of children per woman ranging from 6 to 8.5[18]. The high fertility levels are associated with high infant mortality rates (IMR) of 103 deaths under the age of 1 year per thousand live births. Maternal mortality rates per 100,000 births and under-five mortality rates (U5MR) per 1,000 live births, at 650 and 165, respectively, are among the highest in the world. These figures, as shown in table IV.1 below, mask significant differences among countries.

Table IV.1
Some basic demographic indicators in selected African countries

217. Developing Africa is experiencing an unusual high rate of urban population growth, at around 5 per cent per annum during 1970-1990, compared with 3.43 per cent for Latin America and 3.97 per cent for South Asia, the other two regions with high population growth. The current level of urbanization in Africa, at 35 per cent, is comparable only to that of East and South Asia, which have been estimated at 29.4 per cent and 29 per cent, respectively. The rapid urbanization in Africa has been particularly acute in the last decade in Addis Ababa, Cairo, Dar es Salaam, Lagos and Kinshasa, shown in Table IV.2 below. The African urban population is poised still for a higher growth with its built-in momentum of high fertility rates and declining mortality rates. This implies an urban population which, rising from an estimated 217 million in 1990, is expected to reach 544 million by 2010 and 783 million by 2020 - an almost four-fold increase. By the latter year some 54 per cent of the population would be living in urban areas.[19]

218. This rate of urban population growth will have profound consequences for the economies of African countries and the lives of their city dwellers. They will culminate in: intolerable pressure on the already over-stretched social infrastructure, especially housing, water and sanitation, health and educational facilities; growing unemployment and underemployment; the misery of urban slums, shanty towns and peri-urban areas; rapid environmental degradation; and anti-social behaviour.

219. In Africa's exploding cities, intense congestion and increased pollution (with its hazardous effects on the health of the population) pose immense health problems for a population already over-burdened by primary poverty and the pressures of economic adjustment and reform.

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[18] UNFPA, Population Issues : Briefing Kit, 1994, p. 11.

[19] Estimates prepared by the Population and the Industry and Human Settlement Divisions of the Economic Commission for Africa (ECA), 1994, p.58.

Table IV.2
Trends in population of selected African cities, 1970-1990 and projections for 1995 and 2000
(Thousands)

220. Since 1980, African total fertility rates (TFR) have been on the decline, albeit very gradually. Kenya, for instance, which had one of the highest rates in the world - almost 8 births per woman - is experiencing a decline, thereby reducing the average for the East Africa subregion [20]. Use of contraceptives, education (particularly at the second and third levels), increased labour force participation by women and the impact of population policies - are among the most important instruments in the campaign to reduce fertility rates in the region. The percentage of the population using contraceptives, however, is among the lowest in the world: it ranges from 9 per cent in sub-Saharan Africa to 36 per cent in North Africa.

221. Despite the emphasis in many of the seminal documents and plans of action emanating from Africa on the importance of population factors in development planning, concrete progress to date has, with some exceptions, been limited, and most Governments are yet to formulate concrete policies geared to lowering the high population growth rates, let alone implementing such policies. By 1992, only 15-20 African countries had explicit population policies geared to reduction or stabilization of the growth rate through changes in some aspects of national demographic behaviour, and the redress of the negative effects of rapid population growth on development efforts. The lack of effective policy in this regard can be attributed in part to the lack of political commitment, inadequate resources, ineffective co-ordination of activities and insufficient data.

222. Important as they are in the harmonizing of the demographic trend with the objectives of development, population policies may not by themselves suffice to halt population expansion, let alone bring about the desired transition. Poverty, the slow pace of economic growth and the extreme neglect of critical issues relating to social development are at the heart of the population problem. Indeed, rapid economic development is an essential condition for the slowing down of population growth. As reiterated at the United Nations International Conference on Population and Development, held at Cairo, Egypt, 5-15 September, 1994, the inexorable link between eradicating poverty and sustaining development is such that the former must be viewed as central to the policy to slow population growth and achieve population stabilization by an early date. Increased investment is imperative in fields where it plays an important role in the eradication of poverty - for example, in basic education, reproductive health, sanitation and the provision of drinking water, housing, adequate food and nutrition, gender equity, equality and empowerment of women. In short, the objectives and

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[20] United Nations, World Population Prospects: the 1992 Revision, op. cit., pp.23-24.

goals of the Programme of Action endorsed at the above Conference[21] are consistent with those of the Dakar/Ngor declaration on population, family and sustainable development.

223. Rapid population increases are antithetical to environmental stability and sustainable development. The symbiotic relationship between poverty and environmental degradation has long been known; it was pithily brought to the fore at the United Nations Conference on Environment and Development, held at Rio de Janeiro, Brazil, in 1992 and was strongly emphasized in its Agenda 21. Unfavourable spatial distribution of the population, large-scale displacement, and damaged ecosystems are all symptomatic of environmental degradation. The imbalance between resources and rapid population growth rates is reflected in the poor water filtration, faster soil erosion and depletion of soil nutrients, food insecurity, famine, droughts, desertification and deforestation. Deforestation has culminated in the loss of 80 per cent of Africa's pasture and range areas.

C. Health

1. How achievable is "Health for all" by the year 2000?

224. The International Conference on Primary Health Care, sponsored by WHO and UNICEF at Alma Ata, USSR, 6-12 September 1978, declared Primary Health Care (PHC) the cornerstone of health development globally. Within that framework, health and socio-economic development were to be treated henceforth as closely interconnected.[22] Subsequently, with the Declaration of Health for All by the Year 2000 (HFA/2000), PHC became the main vehicle for achieving that target. Following the global initiatives, the African Ministers of Health adopted the African Health Development Framework in 1985 , followed by the Bamako Initiative. Both documents are grounded in the principles laid down at Alma Ata, and both called for people-centred health care service and community-oriented health policies. The Bamako Initiative[23] emphasized, in particular, the adoption of low-cost approaches, the decentralization of services, and the important community participation.

225. However, as the health indicators in table IV.3 below show, the declarations have had little impact on the African health landscape so far. The decay which has taken place in the health infrastructure and the failure to implement programmes of PHC in full have had catastrophic consequences on the health status of most

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21 Programme of Action of the United Nations International Conference on Population and Development, Cairo, Egypt, 1994

22 WHO/UNICEF, Primary Health Care: Report of the International Conference on Primary Health Care, Alma Ata, USSR, 6-12 September, 1978.

23 WHO/UNICEF, Toward Maternal and Child Health Care for All: A Bamako Initiative, Mali, 9 September 1978.

people in the region, especially women, children and the poor. As the Regional Director of WHO in Africa once pointed out:

> "... most health ministers are obliged to spend their health budgets on curative care. They are caught in a vicious circle - more money is spent on curative medical and surgical care, so less is available for health promotion and disease prevention. Consequently there is an increase in the burden of disease and injuries, which necessitates even more money for hospitals and specialists ".[24]

Table IV.3
Selected health indicators in African countries

226. The combination of severe socio-economic crisis and the lack of serious orientation and implementation of PHC have regrettably culminated in the erosion of past achievements in the health sector and the recrudescence of previously controlled diseases. The importance of PHC re-emerged on the agenda of the above mentioned Cairo Conference, which called for measures to achieve a life expectancy at birth in Africa at 65 years by 2005 and 70 years by 2015. The Conference also urged member States to make strenuous efforts to reduce morbidity and mortality differentials between males and females, as well as between geographical regions, social classes and indigenous and ethnic groups[25].

227. Immunization coverage is tending to decline in a growing number of developing countries. In Africa, except in the case of BCG, coverage of children is still generally below what pertains in other regions of the world[26]. Major outbreaks of diphtheria and measles continue to affect children who could be protected if immunization programmes were given a high priority. As WHO points out[27], declining or static levels of immunization coverage and continued high fatality rates in many areas are clear indications of the need to step up efforts. The benefits of immunization are cut across many areas of child health. Immunization against measles and pertussis, for example, contributes significantly towards the containment of acute respiratory infections, especially pneumonia, which is the biggest single killer of children. For that matter, the

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[24] G.L. Monekosso, Meeting the Challenge of Health for All Africans, "The Mission of WHO in Africa from 1995 to 1999, A Decade of Significant Achievements 1985-1994, Profile of a WHO Regional Director", WHO/AFRO, Brazzaville, the Congo, p.3.

[25] UN, Programme of Action of the United Nations International Conference on Population and Development, Ibid, p.45.

[26] WHO, The Work of WHO: 1992-1993 Biennial Report of the Director-General, p. 85.

[27] Ibid, p. 87.

provision of sanitation and safe drinking water dramatically reduces mortality and morbidity from such endemic diseases as cholera, dysentery and diarrhoea, while widespread use of oral rehydration therapy (ORT) -which is extremely cheap and easy to administer - can save millions of lives of children.

228. There is another growing health hazard in Africa. It emanates from the devastation caused by the innumerable landmines in areas of past or present conflicts. According to the WHO Pan-African Centre for Emergency Preparedness and Response, landmines in Africa have:

> "wide, and long lasting consequences for the population, the health services and the socio-economic fabric of the affected countries. Besides killing and disabling people, landmines preclude access to water, farming land, firewood, markets, schools and health facilities with a dramatic impact on the natural environment, the life of the communities, and the economy of a country... And the fact that the civilian casualties of the landmines are mainly women and children adds to the magnitude and gravity of the tragedy. One woman killed or mutilated represents higher risk of illness or malnutrition for the entire family, one disabled child represents a long-term burden to the health services of the society at large. In war and in its aftermath, landmines, besides the workload represented by the wounded and disabled persons, pose a threat to Health mobile-teams, logistics, etc: the outcome will be reduced coverage and effectiveness for all PHC activities. Health will lose personnel, equipment and supplies; funds will be diverted into tertiary care and long-term hospitalization, as well as towards staff insurance and disability allowances".[28]

229. Though substantial efforts are being made by a number of African countries to improve the health status of their citizens, it is clear from the foregoing discussion that the general health of the people can only be described as unsatisfactory, with vulnerable social groups such as children and women being the worst affected. Unfortunately, with only five years to go and no significant positive changes in sight in social policy and planning, it is doubtful that "health for all" will be achieved in the region by the year 2000.

2. The HIV scourge and AID Pandemic in Africa

230. HIV/AIDS has enormously exacerbated the African health crisis. Of course, other diseases, such as malaria, still claim many more lives. But the former affects the most productive segment of the labour force (15-49 years), has no cure and has more complex socio-political dimensions. In addition, HIV destroys the immune system, thereby making patients more susceptible to HIV-related infections

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28 WHO, Pan-African Centre for Emergency Preparedness and Response, Bulletin, Vol. 2, No. 1, January 1995, pp. 1-2.

and complications. A case in point is the recent resurgence of tuberculosis (TB), the incidence of which, in some cases, has doubled or even tripled since 1985. Recent data indicates that up to half the people newly diagnosed in Africa as having pulmonary TB are also HIV-positive[29]. Untreated sexually transmitted diseases (STDs) are also heavily implicated in the spread of HIV. WHO estimated in 1944 that there were over 10 million cases of HIV infection in Africa and projected a staggering 14 million cases by the year 2000[30]. The pandemic has been most severe in cities of East, Central and Southern Africa, where 25-30 per cent of all adults are infected and more than 20 per cent of all hospital beds are encumbered by AIDS patients[31]. However, HIV is relentlessly spreading to other parts of the region. For example, surveillance data from Nigeria in early 1992 indicated extensive spread of HIV in the country, with rates of 15-20 per cent in certain groups of female prostitutes. In Abidjan, Côte d'Ivoire, where AIDS is already the leading cause of death among adults, HIV prevalence in the general population is currently thought to be 10-12 per cent"[32].

231. Findings from a number of studies indicate that in addition to the large number of orphans, HIV/AIDS is currently affecting disproportionately the groups with the highest levels of productive skills and human capital. The economic consequences of the epidemic are already to be seen in the declining levels of labour productivity and in a significant reduction of labour supply, especially in the most seriously infected areas of East and Central Africa.

232. To contain the HIV/AIDS pandemic a number of modalities have been adopted, especially in the countries most seriously affected. They include media campaigns, community mobilization programmes, person-to-person education, promotion of condom use and control of STDs. To some extent these strategies have helped to change the sexual behaviour of some people, particularly in the severely affected areas. However, widespread dissemination of information, education and communication, on which so much hope of reducing the pandemic is contingent, have proved ineffective for the most part. In addition, denial, complacency, poverty and stigmatization of infected people have combined to reduce the effects of those measures. Consequently, there is need for aggressive social mobilization, directed towards community participation, co-opting community opinion-leaders as the central pivot and agents of the campaign to bring HIV/AIDS under effective control. Success, however, will obviously depend on the political and financial support of African Governments, which is by no means assured at present.

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[29] WHO, AIDS: Images of the Epidemic, 1994, p. 7.

[30] Ibid, p. 9.

[31] WHO, "HIV/AIDS and Development in Africa", The HIV/AIDS Epidemic in Africa: an Overview, Conference at the African Development Bank Annual Symposium 1993, p.2.

[32] WHO, AIDS, Images of the Epidemic, 1994, p.20.

3. Malnutrition

233. Food and nutrition are major areas of concern in Africa. Continued food insecurity is evidenced by the fact that 33 per cent of the population is chronically undernourished. Drought, especially in Southern Africa, led to 18 million people being exposed to possible famine in 1991; and intractable civil wars and political instability, particularly in the Horn of Africa, created great needs for food emergency action for over 15 million people in 1992 [33]. Ethiopia continued to be at risk from famine, even in 1994: it was then dependent on an estimated 1 million tons of food aid. In Somalia and the Sudan, a combination of drought and civil unrest has placed over half the population at risk from famine, while in Kenya, as a result of poor rains, 961,000 people were judged to be drought-affected in 1993, of whom 679,000 were in immediate need of relief assistance. The decline in per capita food

[33] World Food Programme, 1993 Food Aid Review, p.22.

Box IV.1

THE IRINGA NUTRITION PROJECT
IN THE UNITED REPUBLIC OF TANZANIA

The nutrition programme was initiated in 1982 in the Iiringa region of the United Republic of Tanzania with the assistance of unicef and has since become the harbinger of similar schemes in other parts of the country, and replicated in many African countries. The scheme, which centres on the concept of 'hidden hunger' and its alleviation through a range of food production, infant physical growth monitoring and health related activities, took its evolutionary cue from the emerging realities in the United Republic of Tanzania at the village level. Its emphasis was on information, advocacy and women mobilization, and the capitalization on these critical parameters for the improvement of child care, feeding and welfare.

As a result of the scheme, the various communities and villages in Iringa region set up their own day care centres for the feeding and general welfare of children while their mothers were away on the farms; the villagers paying up to 70 per cent of the wages of the day care attendants from their own resources, and in general putting in place a surveillance system. Within the space of four years, the incidence of moderate, i.e., hidden, malnutrition dropped from 50 per cent to 37 per cent, and that of severe malnutrition from 6 per cent to 2 per cent. Attendance at the weighing clinics rose from 25 per cent to 80 per cent.

The success story of the Iringa Nutrition Project is not only in changing the thinking about nutritional policy in the United Republic of Tanzania and current perceptions about the capabilities of self-help on the part of village women, but in demonstrating in general the value of self-help programmes at the rural level.

Source UNICEF; Girls and Women in Africa: A UNICEF Perspective for Breaking the Cycle of Disadvantage, 1994, pp. 12-14.

production in the last 10 years has meant that, without ready imports, the available daily calorie intake is only 92 per cent of the normal requirements. Consequently, the number of Africans who are unable to obtain adequate daily intake of calories has risen from 99 million in 1980 to 168 million in recent years[34].

234. The synergistic relationship between malnutrition and disease is well documented: protein-energy malnutrition (PEM) in the mildest form doubles the risk of dying from infectious diseases, while moderate and severe PEM increase that risk by factors of 3 and 8, respectively[35]. According to WHO and UNICEF, most nutritional deficiencies that can be averted at a relatively low cost are the main cause of stunting, blindness, low birth weight, goitre and impaired and irreversible mental and physical development among children[36]. Apart from that, nutritional anaemia and vitamin A deficiency increase morbidity and mortality in young children. Over 30 per cent of children in Africa suffer from malnutrition in some degree. The existence of such a huge number of malnourished children has profound and widely diverse implications for the long-term growth and development of African countries. The improvement of nutrition has to be recognized as one of Africa's principal and urgent tasks. Political commitment and a predilection for PHC remain the most viable options, if the crisis attendant on such high levels of severe malnutrition is to be contained. It should not be forgotten that (as data indicates) severe malnutrition can be prevented for as little as $2.50 in health care expenditure per child[37].

D. <u>The Worsening Poverty Profile</u>

235. Per capita incomes have been on the decline in sub-Saharan Africa. As far back as the late 1970s, the ILO estimated that developing countries required a long-term economic growth rate of 7-8 per cent per annum, buttressed with income redistribution policies, if the basic needs of the poorest segment of the population were to be achieved. This would be equivalent, however, to planning for an annual increase of 4-5 per cent in GDP per capita; and that would be a major feat in modern Africa, since per capita incomes have been falling at an annual rate of 1 per cent since the 1980s. Falling incomes have entailed, among other things, widespread holding of multiple jobs by workers, as earnings per month from a single job is no longer enough in most of sub-Saharan Africa to purchase more than a week's supply of food for an average family. Minimum wages have fallen by 50-70 per cent since the 1980s in real terms, and

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34 FAO, <u>The State of Food and Agriculture</u>, Rome, 1992, p.24.

35 UNICEF and OAU, <u>Africa's Children, Africa's Future</u>, November 1992, p.38.

36 <u>Ibid</u>, p. 38.

37 UNICEF, <u>State of the World's Children, 1994</u>, p. 16.

frequently dropping below the food-poverty line[38]. In most African countries, wages have plummeted over the last 20 years, for example by 50 per cent in Kenya and 80 per cent in the United Republic of Tanzania[39]. Many Governments have had to maintain a wage freeze in order to facilitate job creation in the economy. The end result, however, is that wages are pushed steadily lower and, with them, the overall living standards.

236. The extent of poverty in Africa has increased steadily, both in urban and rural areas. In 1970, 17.6 per cent of all poor people in the world were to be found, according to some estimates, in Africa. The proportion is expected to reach 32 per cent by the year 2000[40]. The extent of poverty in sub-Saharan Africa, as indicated in Table IV.4 below, is worse than in any other developing regions. In 1985, half of Africa's population lived below the poverty line, whereas the proportion in the other developing regions did not reach a one third. The rise in the level of abject poverty in the region is such that at the First Meeting of the Conference of African Ministers Responsible for Human Development, held at Addis Ababa, 20-21 January 1994, the issues of poverty alleviation, the creation and sustaining of productive employment and the generation of income opportunities were agreed to be the top priorities for Africa[41].

237. Not only is the distribution of income skewed in the majority of African countries, the distribution of land has been grossly unequal. To redress the gross inequality in the distribution of income and land, improved land-holding schemes are being vigorously pursued in countries such as Kenya, South Africa and Zimbabwe. In South Africa, for example, the Land Restitution Bill was signed into law on 17 November 1994. The legislation is an attempt to give redress to black South Africans who had been dispossessed of their land by apartheid law, dating back to the 1913 Land Act. That Act limited the majority population's land ownership to 13 per cent, and it had been estimated that 3.5 million black people were victims of forced removals during the apartheid era. The Land Restitution Bill provides for the creation of a land claims court and a land commission to arbitrate claims for restitution. Petitioners have up to three years to lodge their claims.

Table IV.4
Poverty in the Developing World, 1985-2000

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38 ILO, World Labour Report, 1994, p. 24.

39 ILO/JASPA African Employment Report, Addis Ababa, 1992.

40 H. Tabatabai, Poverty: New Approaches to Analysis and Policy - A symposium on Poverty and Inequality in Developing Countries: Extents and Trends, Paper Presented at ILO Symposium, 2 November 1993.

41 UNECA, African Common Position on Human and Social Development in Africa, Addis Ababa, January 1994, p. 17.

E. The Employment Situation

238. The employment situation [42] in Africa continues to be critical. It has been characterized by rising unemployment; growing and widespread underemployment; wage cuts; scant job creation; and declining job security. The open unemployment situation in urban areas has grown unabated over the past two decades. The average rate was 7.7 per cent in 1978 and had climbed to 22.8 per cent by 1990. On this trend, it would reach 30 per cent in the year 2000. In Ethiopia urban unemployment was as high as 21.2 per cent in 1992, compared to 6 per cent in 1985. In Côte d'Ivoire, the rate had risen from 7.7 per cent in 1978 to 22.8 per cent in 1990. The average waiting period for the urban unemployed in search for a job is estimated to be 46.3 months. Between 1985 and 1990 the number of urban unemployed rose by 13.2 per cent in Ghana, by 69.5 per cent in Senegal and by 100 per cent in Nigeria. Youth unemployment, moreover, is already a critical problem in many African countries.

239. The trends in the employment situation point to three unwelcome but seemingly inescapable future characteristics, emanating from an insupportable growth in the Labour force: a greater reliance on the informal sector for job creation; a larger proportion of youths joining the ranks of the unemployed and underemployed; and a lengthier waiting period in search for a job.

240. To reduce unemployment and underemployment, action is required in reforming the educational systems and programmes to make them respond better to labour market requirements. It is imperative also to establish modalities for reducing the mismatch between the supply and demand for skills, i.e., to train people in skills that are really crucial for the restructuring of the African economies.

241. In the past two decades, women have made significant progress in securing participation in the organized labour market. Nevertheless, unemployment rate among them remains on the whole three times as high as that of men. Women remain a disadvantaged part of the labour force, being frequently considered merely as a part of the "contingency" work force. Jobs held by women are usually in the less prestigious sectors of the economy, of the most temporary duration and obtainable mostly under precarious contracts. This state of affairs explains the preponderance of women in the most unproductive subsectors of the informal economy. Despite the efforts made to increase the number of women employed in the modern sector in Africa, the share of women in paid employment remains low compared to their ratio in the total labour force.

242. The informal sector, as a concept, was virtually unknown in sub-Saharan Africa up to the 1960s and its importance was not much emphasized in employment studies. However, between the 1970s and the

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[42] This section on problems of employment and unemployment in Africa relies heavily on information and data provided by the ILO's Jobs and Skills Programme for Africa (JASPA).

1990s, employment in this sector grew so fast that it came to account, on average, for three fifths of the urban labour force. In 1992, for example, Ghana, Nigeria, and the United Republic of Tanzania had respectively 53 per cent, 69 per cent and 51.2 per cent of their urban employment in the informal sector. Owing to the inability of the formal sector to provide adequate gainful employment, the informal sector has evolved as a sponge for the rising band of the unemployed. Large-scale retrenchment in the public sector and the lack of adequate compensatory schemes for employment creation have fuelled that movement. Projections by ILO's Jobs and Skills Programme for Africa (JASPA) show that, though the informal sector would need to generate 93 per cent of the additional jobs required in urban Africa in the 1990s, it would (even if successful) not absorb more than 23 per cent of all entrants into the labour market. As known, employment in the informal sector usually meant low-wage, low-productivity, and offers little job security.

F. Refugees and Displaced Persons

243. The population of refugees and displaced persons in Africa is already the largest than in any region of the world; it consists of an estimated 20 million displaced persons and over 7 million refugees, most of whom are women and children. As recalled by ECA secretariat in recent issues of the Economic Report on Africa and the Survey of Economic and Social Conditions in Africa, people in some parts of the region have been forced to flee their homes and countries. In many cases, this is a result of a combination of civil wars and internal open conflicts. In other cases it has been as a consequence of political violence, natural disasters and/or environmental degradation, often aggravated by poverty, economic stagnation and inequality of access to resources.

244. In the last two years, and on account of the intensification of international resettlement assistance, and improvement in the socio-political situation in their home countries, refugees have been voluntarily repatriated, in hundreds of thousands: in Togo, after the installation of a new Government; in Mozambique, where more than 1.2 million refugees have returned home following the signing of the Peace Agreement between the Government and RENAMO in 1992; in Burundi, where tens of thousands of more than 700,000 Burundis who fled across the borders (as a result of ethnic clashes after the killing of Burundi's first democratically elected president in a failed coup attempt in October 1993) have since returned, following the easing of the tensions; in Eritrea, where more than 90,000 returnees from the Sudan had been re-united with their families by December 1994; in Ethiopia, where, by 1994, 500,000 refugees were voluntarily repatriated from Somalia, 63,300 from the Sudan, 10,000 from Djibouti and thousands more from Kenya.

245. According to UNHCR, still more refugees (the number running into millions) are expected to be voluntarily repatriated to Angola, Ethiopia and Mozambique in the course of 1995.

246. By far the majority of refugees and displaced persons, notably from Angola, Liberia and Somalia, have remained in exile; continued civil strife has discouraged large-scale repatriation and so have the

problems of poverty and social inequity. More powerful deterrent has sometimes been the ever-present fear of ethnic reprisals back home. Whatever the reason might be, the continued presence of refugees often imposes an increasingly intolerable burden on the capacity of host countries to support them. Guinea alone hosts some 415,000 Liberian refugees and Côte d'Ivoire another 250,000. More than 350,000 Sudanese refugees are still in the Central African Republic, Ethiopia, Kenya and Zaïre, while the Sudan continues to host many refugees from some of these countries. Over 3.2 million remain internally displaced in Angola, due to the civil war.

247. During the course of 1994, new waves of refugee movement and population displacement have swept over Burundi, Chad, Liberia, Rwanda and Sierra Leone in particular. Especially alarming is the exodus of refugees from Burundi and Rwanda (Box IV.2) in the aftermath of the political crisis triggered off by the deaths of the President of Rwanda, the successor President of Burundi and a host of other high-ranking officials in a plane crash in April 1994. More than 250,000 Burundis left for neighbouring countries, and by December 1994 the estimated Rwandese refugees - mostly in Zaïre and to a lesser extent in Burundi and the United Republic of Tanzania - was estimated to be more than 2 million.

248. The problem of refugees and displaced persons in Africa remains serious, not only because of the human tragedy and the sufferings to which those people are subjected but also on account of the impact of their movements on socio-economic and environmental development and stability in the region.

249. As pointed out in previous issues of the <u>Economic Report on Africa</u>, many refugees are forced to subsist in remote camps and ecologically fragile zones where they may themselves eventually be responsible for some of the environmental degradation and instability which may exacerbate, in turn, their already precarious existence. This is bound to be the outcome, in spite of the generous hospitality and the provision, in many cases, of food rations, land, education, employment, medical facilities, shelter and water in support of refugees by host countries and the international community. Even with the best will and great solidarity, however, many host countries inevitably succumb to the syndrome of hospitality fatigue. This emphasizes the need for increased assistance and support from the international community to enable the African continent to better cope with the rehabilitation and resettlement needs of the teeming ranks of refugees and displaced persons.

250. In the final analysis, there must be renewed multilateral efforts and the political will that can facilitate the voluntary repatriation and resettlement of refugees in their natural habitat and homes as the only practical long-term solution to the problem of population displacement. The promotion of peace and reconciliation, and the enhancement of democratic institutions and cultures, in the home countries of the refugees and displaced persons is also imperative. With the cessation of hostilities and the restoration of peace, attention must also be given as a matter of priority to the clearing of landmines in former conflict zones in order to enhance the normalization of life and free movement. It must be recognized,

however, that the real danger and the wide-ranging cruelty of landmines as an instrument of warfare will persist indefinitely unless there are concerted international efforts to stop their production and sale. Only then can refugees who have fled from civil wars, ethnic violence and conflict zones be persuaded that the reasons behind their departure in the first instance no longer exist, and that they can return home in safety and dignity. Moreover, the recognition is long overdue that, in addition to emergency relief and humanitarian aid to refugees and displaced persons, there will be the equally pressing need for concerted assistance with resettlement, rehabilitation and poverty alleviation, as well as the reconstruction of shattered economies, in the home countries of the refugees and displaced persons. Without development and some socio-economic progress, neither the returnees nor the societies to which they belong can look forward to the future with confidence and hope.

G. Women and Development

251. Three World Conferences on Women were held between 1975 and 1990; the Fourth World Conference on Women is due to be held in Beijing, China, 4-15 September 1995. The themes of those conferences address the issues of equality, development, peace, education, employment and health, in so far as they pertain to women. Concurrently, five complementary conferences on women have been organized in Africa at the regional level, the latest of which was held at Dakar, Senegal, from 16-23 November 1994.

Box IV.2

GENOCIDE AND POPULATION DISPLACEMENT IN RWANDA, 1994

Rwanda witnessed in 1994 a devastating human tragedy, with over 500,000 Rwandese massacred following the death of the Presidents of Burundi and Rwanda and some high-ranking officials in a plane crash on 6 April 1994. In an attempt to escape the continuing bloodbath of ethnic violence and possible reprisals, hundreds of thousands of Rwandese fled their homes and many more were also forced to cross national frontiers. The United Nations Commission for Human Rights estimated in May 1994 that, within weeks, approximately 500,000 people had been internally displaced in a country with a population of at about 7,500,000 people. By December 1994 UNHCR reported over 2 million Rwandese refugees distributed over East and Central Africa. The nightmare continued as insecurity, assault and disease characterized the Rwandese refugee camps in Zaire, aggravated by the limitations of an overstretched infrastructure, particularly with regard to water and food. Consequently, unusually high death rates of 2,000 a day became the norm for a while in some of the camps.

Some of the factors that have complicated the refugee problem in Rwanda in 1994 and made it so overwhelming in the context of Central Africa are: (1) the genocide and ferocity of the ethnic violence that prompted the population displacement; (ii) the huge numbers which crossed the frontiers -- by December 1994, 275,000 Rwandese refugees were in Burundi, 591,000 in the United Republic of Tanzania, 4,000 in Uganda and 1,255,000 in Zaire; (iii) the suddenness of the arrival of the refugees in the countries of asylum; (iv) the shattered emotional and psychological state and poor physical health of the refugees upon arrival in host countries; and (v) the state of personal insecurity and intimidation prevailing in some of the refugee camps as a result of activities of certain extremists and militia groups. Those factors, together with the fear of ethnic reprisals of killings, and the continuing fragility of peace and polity in Rwanda and most of Central Africa, including neighbouring Burundi, have complicated in no small way the prospects for responding comprehensively to the tragedy, organizing humanitarian action in favour of the refugees and enabling host governments and the international community to effect emergency relief and assist generally. Ultimately, they have a bearing also on the prospects for the voluntary repatriation and early return home of the refugees.

252. In spite of those landmark conferences and the efforts at integrating women in national development activities, women in Africa remain as disadvantaged as ever. They have tended to bear a disproportionate burden of the socio-economic crises; and they see themselves as the unfortunate hostages to the social, political and economic order within their country which is both inequitable and discriminatory. The deteriorating economic situation has often led Governments to focus on the immediate and pressing problems, to the neglect of longer- term issues that bear directly on the advancement of women. In addition, the traditional prejudicial practices emanating from socio-cultural and religious attitudes, together with other age-old inequalities between men and women, have all been exacerbated by the crises and the policies with which Governments responded. The areas in which women are thus disadvantaged include health and nutrition, literacy and training, access to education and economic opportunities, as well as participation in decision-making.

253. In particular, women and girls continue to have less access than men to formal education at the tertiary level. Those who succeed in gaining access to that level have a greater tendency to drop out, sometimes because of financial, cultural and other related constraints pertaining to differential socialization processes for girls. As a result, adult female literacy rates in North Africa are amongst the lowest in the world and access to schooling remains well below that enjoyed by boys. In sub-Saharan Africa, about 65 per cent of the women over the age of 15 are illiterate, compared to 40 per cent for men. More than 20 million African girls aged 6-11 years did not attend school in 1990. High gender disparities in literacy rates and in attendance at the primary and secondary levels of the educational system still persist to the disadvantage of girls, despite the steady increase in the overall levels of literacy in the region since the beginning of the last decade.

254. Improvement in women's health and reproductive rights is central to their ability to assume the decision-making power which would enable them make the necessary choices in other vital areas of their lives. Unfortunately, African women do not yet exercise control in matters relating to fertility and reproductive capacity.

255. Additionally, there is a modicum of evidence to indicate that the AIDS pandemic is affecting women more disproportionately than men. UNICEF reports that women now account for 55 per cent of all new cases of HIV diagnosed in Africa, indicating a somewhat greater vulnerability to AIDS compared to men[43]. More than 6 million women of child-bearing age have been infected by the HIV virus[44]. In some of Africa's major urban centres, one out of every three pregnant women attending ante-natal clinics is infected. The subordinate status of women and adolescent girls makes them particularly vulnerable to AIDs infections - younger women have the least power and in general they lack access to information, education and

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[43] UNICEF, The State of the World's Children, 1995, p. 22.

[44] WHO, AIDS. Image of the Epidemic, 1994, p.10.

communication, health facilities and training, not to speak of an independent income and legal rights[45].

256. In spite of the efforts by member States at national, subregional and regional levels and those by the international community and nongovernmental organisations (NGOs) to improve the status of women so as to achieve full integration in the development and political process, progress towards those goals has remained minimal. For that reason, one of the major challenges of the Fourth Conference will be to review the progress made so far, and the obstacles encountered in the implementation of the Nairobi Forward-Looking Strategies for the Advancement of Women to the Year 2000[46].

257. As part of the preparations for the Fourth Conference, member States held the Fifth African Regional Conference on Women at Dakar, Senegal, 16-23 November, 1994. The preparatory process also entailed wide-ranging consultations throughout the region and the close involvement of varied constituencies, including Governments, United Nations agencies, intergovernmental organizations (IGOs), NGOs and women's grass-roots organizations, at regional, subregional, national and local levels. The major outcome was the adoption of the African Platform for Action (APA): African Common Position for the Advancement of Women, which will be submitted to the Fourth World Conference on Women. At the core of APA is the emphasis on the need to empower women politically and economically; to increase their access to education, training, science and technology; to enhance their vital role in family and the society; and to protect their legal and human rights. APA identified 11 critical areas of concern, which constitute the major gaps and obstacles to the accelerated advancement of women in Africa, as follows: women's poverty, insufficient food security and lack of economic empowerment; inadequate access to education, training, science and technology; women's vital role in culture, the family and socialization; means of improving the general health of women and their reproductive health, including family planning and population-related programmes; women's relationship with and linkages to the environment and the management of natural resources; the involvement of women in the peace process; The political empowerment of women; women's legal and human rights; mainstreaming of gender-disaggregated data; women, communication, information and the arts; and the girl-child. The hope is that, APA will occupy the centre stage of concerns at the Beijing Conference and elicit the support that African countries require in their bid to do more for women in development and gender equity.

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45 ECA, The African Platform for Action. African Common Position for the Advancement of Women, E/ECA/ACW/RCV/CM/3, 1994, p. 13.

46 UN; The Nairobi Forward Looking Strategies for the Advancement of Women to the Year 2000, Nairobi, Kenya, July 1985.

H. Policies and Prospects for Social Development and Progress in Africa

258. The foregoing analysis indicates that social development and progress in Africa continue to face a major crisis. The major social ills are: high rates of unemployment; infant and child morbidity and mortality; maternal mortality; rapid population growth rates; environmental degradation; and a growing population of refugees and displaced persons as a result of civil wars and ethnic conflict. Women, children and youth bear a disproportionate share of the burden, which, in many cases, has been exacerbated by the social costs of SAPs.

259. Given the continued deterioration in the social situation in Africa, it has been necessary in several parts of this chapter to ask and attempt to answer a number of pertinent questions: Is the political will to foster social development has not been sufficiently articulated in Africa's past development strategies? Or, is it that the urgency of socio-economic development and the daunting tasks involved have yet to be sufficiently comprehended and appreciated by African Governments and their development partners five years away from the dawn of a new millennium? Is Africa fully committed, mobilized and braced to lift itself up by its own bootstraps? Has donor assistance been made available in adequate amounts and with the timeliness required to ameliorate the social situation in the African region and usher in socio-economic progress and transformation?

260. However, what is needed, first and foremost, is for the African governments to give due priority to social planning and social programmes in their own national development strategies. As articulated in the African Common Position on Human and Social Development[47], there is a massive under-investment in the social sector in Africa, typified especially by the neglect of areas such as poverty alleviation and employment generation which should have priorities. Consequently, there is an urgent need to increase resource allocation and investment in job creation, environmental protection, family planning, health, education and nutrition of Africa's children; and to devise modalities for integrating women into the main stream of development efforts. The donor community should also support the intricate and complex social transformation process in Africa more by restructuring ODA and targeting it effectively in favour of the poor. As pointed out in UNICEF's report on the State of the World's Children 1995[48], only about 25 per cent of today's aid is given to the countries where three quarters of the world's poorest billion people now live; only about 15 per cent of this goes to the agricultural sector, which provides a livelihood for the majority of people in almost all developing countries; and by far

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[47] UNECA; African Common Position on Human and Social Development in Africa opcit pp. 2-16.

[48] UNICEF; The State of the World's Children, Oxford 199, pp. 47-56.

much less to primary education, primary health care and family planning services. Poverty tends to perpetuate itself; and, unless a deliberate effort at poverty alleviation and eradication is made by the African governments with a dedicated assistance of the donor community, it will persist and grow. The compelling urgency and the wide scope of the social policy reforms which are necessary in Africa indicate a corresponding need for substantial higher levels of development assistance, placing the region in a special category to which the international community must respond positively. The use of compensatory programmes - social safety nets, social action programmes etc - which were originally conceived as ad hoc special devices for the mitigation of the social costs of adjustment have now become a regular and standard feature of the new generation of SAPs in Africa. However, the programmes still generally fall short of the ideal, in their provisions and basic design, which should integrate efforts to alleviate poverty.

PART TWO

MAIN ECONOMIC SECTORS

V. AGRICULTURE, FORESTRY AND FISHERIES

A. Overall Situation in 1994-1995

261. According to data provided by the FAO, agricultural production in Africa increased by 2.1 per cent in 1994 compared with 3.7 per cent in 1993. The North African subregion attained the highest growth rate of 12.8 per cent, followed by the Southern and the West African subregions where output is reported to have grown by 3.6 per cent and 2.7 per cent, respectively. In contrast, the East and the Central African subregions registered negative growth rates of 1 per cent and 1.5 per cent, respectively (Table V.1).

Table V.1
Annual growth rates of agricultural production by subregion
(Percentage)

B. Food Crop Production

262. Table V.2 below, gives an indication of production in developing Africa of selected food items in 1990-1994.

Table V.2
Production of selected food crops in developing Africa, 1990-1994
(Thousands of tons)

263. The total output of cereals increased by 5 per cent from 82.7 million tons in 1993 to 86.9 million tons in 1994.

264. Output of wheat - which is mainly grown in the North African subregion - increased from 11.3 million tons in 1993 to 13.7 million tons in 1994, while output of maize - grown mostly in Southern Africa - declined from 26.2 million tons in 1993 to 25.4 million tons in 1994.

265. On the other hand, output of roots and tubers, which traditionally provide a key share of the food supply in many countries of tropical Africa, increased by 0.5 per cent, from 119.4 million tons in 1993 to 120 million tons in 1994.

266. Cassava production in Africa as a whole declined by 2.7 per cent, from 74.0 million tons in 1993 to 72.5 million tons in 1994. Production stagnated in Ghana and Madagascar in 1993 and 1994, while it declined markedly in Zaire (by 15.9 per cent),

Uganda (2.7 per cent), the United Republic of Tanzania (4.4 per cent) and Mozambique (5.7 per cent). The lower production levels of this crop led to a decrease in its consumption as food, especially in Angola, Burundi, Mozambique, Rwanda and the United Republic of Tanzania.

267. In North Africa, the latest estimates of wheat production in 1994 is 11.7 million tons, 25 per cent higher than the previous year. The more than satisfactory production increase in 1994 is mainly attributable to the marked increase in Morocco's output by some 4 million tons to a record 5.53 million tons. Lower level crop production in Algeria, Egypt and Tunisia, estimated at 1.1 million tons, 4.4 million tons and 502,000 tons respectively, were more than offset by the Moroccan record. Coarse grain output in the subregion reached 11.1 million tons, 29 per cent higher than in 1993, with the poor harvest in Algeria and Tunisia being more than offset by the increase in production in Egypt and Morocco.

268. In West Africa, cereal production by the nine countries which constitute the CILSS - namely, Burkina Faso, Cape Verde, Chad, the Gambia, Guinea-Bissau, Mali, Mauritania, the Niger and Senegal - is estimated at a record 9.9 million tons, 14 per cent higher than in 1993. In 1994/1995, production in Mali and the Niger was above average at 2.65 million tons and 2.64 million tons, respectively. In the case of Mali, the marked improvement is attributable to higher yield per hectare rather than an expansion in the area under cultivation. In the case of the Niger it is ascribed mainly to a 28 percent increase in millet production. In the coastal countries of the Gulf of Guinea, there was generally good harvest of the maize crop. In Nigeria, except for Kwara State - which was hit by severe floods, leaving 20,000 people displaced and destroying 20,000 hectares of crops, 5,000 hectares of farms and 2,000 hectares of sugar cane - the overall food supply outlook was satisfactory. Cassava contributed significantly to sustaining food availability and per capita consumption levels were further supported by the recent government decision to exempt cassava and cassava products from the value added tax. However, in Ghana, due to erratic rain, drought and disturbances in the food-producing areas North-East of the country, the food supply situation was tight. Production is provisionally estimated at 681,000 tons of maize, 112,000 tons of paddy rice, 124,000 tons of millet and 229,000 tons of sorghum, which implies an overall decline of 498,000 tons. According to the FAO/CILSS crop assessment mission, production of cereals in the nine coastal countries will total about 20 million tons, 7 per cent less than 1993. In Liberia and Sierra Leone, where a large number of farmers have been displaced by civil strife, food supply situation remained precarious in both countries.

269. In Central Africa, cereal output increased by 3.6 per cent from 2.8 million tons in 1993 to 2.9 million tons in 1994. Average or above-average harvests are realized in Cameroon, the Central African Republic, Gabon and northern Zaire. Preliminary estimates for Cameroon indicate that production will reach 920,000 tons: 450,000 tons of maize, 70,000 tons of rice and 400,000 tons of millet and sorghum. In northern Zaire, growing conditions remained satisfactory. Nevertheless, in some parts

of the province of Kivu, floods damaged property and rural infrastructure resulting in reduced food production. In Rwanda, food production was hard hit in 1994 by the adverse consequences of civil strife. The critical food supply situation is likely to be aggravated further following a substantial shortfall in food crops harvests in early 1995. In Burundi, food production in 1994 is estimated at some 19 per cent below average. With ethnic violence continuing in several areas of the northern provinces, food supplies in the country are likely to diminish even further, due to the reduced harvest and the disruption of relief efforts.

270. In East Africa, cereal output increased from 18.3 million tons in 1993 to 21.7 million tons in 1994. In Ethiopia, for example, production of cereals and pulses is estimated at 7.7 million tons for 1994/1995, about 3 per cent higher than in 1993/1994. Emergency aid for over 4 million people in food deficit areas is estimated at 427,000 tons, while programme food aid is anticipated at 455,000 tons. In addition, late arrival of food aid pledged in 1994 amounted to 55,000 tons, leaving some 827,000 tons of cereals still to be resourced in 1995. A recent FAO/World Food Programme Crop and Food Supply Assessment Mission to the Sudan forecast the 1994/1995 harvest of sorghum and millet at a record 4.91 million tons, 85 per cent more than in 1993/1994. Aggregate production of cereals in 1994/1995 is estimated at 5.5 million tons, 79 per cent more than in 1993/1994. Cereal import requirements in 1994/1995 are set at 470,000 tons, compared with 735,000 tons in the previous crop year. A total of 109,397 tons of emergency food aid will be required in 1995 for the recorded 1,178,816 displaced persons and war-affected people. In Somalia, food grain production in 1994/1995 is estimated at 420,000 tons, 155,000 tons higher than in 1993/1994. Despite these modest gains, the food supply situation remained critical, especially for people who have little access to subsistence production or the adequate purchasing power to buy food.

271. In Southern Africa, aggregate cereal output increased by 2.1 per cent from 23.5 million tons in 1993 to 24.0 million tons in 1994. In Mozambique, the food supply situation remained tight and is being further aggravated by a substantial decline in cassava production and the increase in the number of home returnees. Given a cereal deficit of about 600,000 tons in 1994/1995 and an increase in the number of refugees/returnees, the food aid need is estimated at 495,000 tons. The number of people depending on emergency food assistance will exceed 1.1 million. In Malawi, one third of the population of 9 million faced the risk of hunger. The food supply situation remained tight in several areas which were affected by the 1993/1994 drought. In Angola, grave food supply shortages persisted in many areas and deaths from causes related to starvation and severe malnutrition were reported. The total food deficit in 1994/1995 is estimated at 1.4 million tons, consisting mainly of roots and tubers. In Botswana, Madagascar, Namibia, Swaziland, Zambia and Zimbabwe, growing conditions are less favourable for cereal production.

C. <u>Production of Industrial Crops</u>

1. The overall picture

272. Performance in the production of industrial crops in the region in the course of 1994 was mixed. Compared to 1993 there were percentage increases for coffee, sugar and cocoa of 6.2, 15.9 and 3.7 respectively; and percentage declines for tobacco, tea and cotton of 12.2, 7.0 and 4.9, respectively. Table V.3 below shows annual production in 1990-1994 in developing Africa, and the average annual change over those years.

Table V.3
Production of selected industrial crops in developing Africa, 1990-1994

2. Coffee

273. Table V.4 below shows the trends in the production of coffee in the main producing countries of the region and in the world during 1990-1994. As can be seen from the table, coffee production in developing Africa increased by 6.2 per cent in 1994.

Table V.4
Coffee production world-wide and by major African producing countries
1990-1994
(Thousand tons and regional percentage share)

274. Ethiopia has emerged as the largest producing country in the region. Production rose by 3.6 per cent in 1994 as a result of the restructuring of the coffee industry, the introduction of a free market system and the renovation of the transport and processing infrastructure.

275. In Uganda, the price and market liberalization policies which came into effect in 1990 have brought about marked improvement in the coffee industry. Traditional varieties are being replaced with high-yielding local robusta varieties that are under development at Kawanda Research Station. By improving quality, and raising efficiency and cost effectiveness at all levels of the marketing process, producers have been able to penetrate new markets, especially in the Middle East.

276. In Côte d'Ivoire, production fell drastically after 1990, with the country ceding the third place among the world's producers of robusta to Indonesia. In March 1994, a sum of CFAF 60 billion was earmarked for agricultural development projects, with coffee plantations a prime target for rehabilitation. Producer prices were raised from CFAF 220 per kg in January 1994 to CFAF 275 per kg in March 1994. In September 1994 producer prices were further raised to CFAF 530 per kg for the 1994/1995 season. However, Côte d'Ivoire still battles with smuggling activities which, fuelled by the relatively low producer prices, threaten to stymie its efforts to increase coffee exports. Out of the country's 1.2 million ha. of coffee plantations in 1994, only some 67 per cent were productive and half the productive trees are already over 30 years in age.

277. In the United Republic of Tanzania, coffee buying and

selling have been completely liberalized. The growers receive one of the highest percentage returns: it is said to be at least 70 per cent of the auction price, following a rise of 229 per cent to curb widespread smuggling along the country's borders. Robusta coffee will now fetch 130 Tanzanian shillings (30 cents) and arabica about T Sh 175 (40 cents).

278. In Kenya, the benefits accruing to farmers from increased prices may not be significant, mainly because many farmers neglected their fields at the start of the 1990s on account of poor prices. Export earnings in 1994 are estimated at $280 million and forecast at $350 million for 1995.

279. In Cameroon, arabica prices for farmers were allowed to move freely during 1994, and in order to protect farmers from extortion by middlemen a scheme to diffuse price information has been introduced.

280. The ICO Council had unanimously adopted the new International Coffee Agreement on 30 March 1994. The pact covers 56 member countries - representing the world's major coffee producers and consumers with one glaring exception: the United States of America, which is the world's largest consuming country. The objectives of the new ICO agreement include: (a) enhanced international cooperation in connection with world coffee matters; (b) provision of a forum for consultations and negotiation for the achievement of a reasonable balance between world supply and demand on the basis of fair prices to consumers' and remunerative prices to producers' so as to achieve a long-term equilibrium in the supply and demand of coffee; (c) To facilitate the expansion of international trade in coffee through the collection, analysis and dissemination of statistics and the publication of indicators and other market prices thereby enhancing transparency in the world coffee economy; (d) To act as a centre for the collection, exchange and publication of economic and technical information on coffee; (e) To promote studies and surveys on coffee; and (f) To promote coffee sales.

3. Cocoa

281. Table V.5 below shows cocoa production by major African producing countries and world wide. The African regional total increased by 3.7 per cent in 1994.

Table V.5
Output of cocoa world wide and by major African producers, 1990-1994
(Thousand tons and regional percentage share)

282. In Côte d'Ivoire, the world's largest producer, the bumper crop of almost 850,000 tons that had been expected in 1993/1994, was not achieved in the light of the disappointing shortage of rains, and the estimate for the 1994/1995 harvest is as low as 715,000 tons, notwithstanding the positive incentive of the Government announcement of a 31 per cent increase in the cocoa producer price at CFA F 315 per kg. In Ghana, the second largest producer in the region, production increased by 12.5 per cent.

However, the contribution of cocoa to the country's merchandise export earnings has been falling steadily since 1989, for example from a total 52.4 percent to only 26.6 per cent in 1993.

283. In Nigeria, a severe outbreak of black pod disease threatens to cause a big cut in Nigerian cocoa production in the course of 1994/1995. Heavy rainfall in Ondo State, where around 70 per cent of the country's cocoa is produced, assisted in the spread of the disease towards the end of 1994 and may reduce production to 100,000 tons in 1995/1996. The Cocoa Research Institute of Nigeria has consolidated its previous breakthrough, by improving on the high-yielding cocoa varieties, and this could impact favourably on the production levels.

284. Meanwhile the world production of cocoa beans turned to be less than had been expected in 1993/1994. The review by the International Cocoa Organization (ICCO) for the year ending 30 September 1994 estimates it at 2,429,000 tons, down by 38,100 tons on the forecast made in June 1994. Leading cocoa producers have rejected a EU plan to use vegetable fats in chocolate and chocolate products. They contend that the world supply of cocoa butter is sufficient for chocolate production. The thirteen nation Cocoa Producers Alliance (CPA) concluded its 57th general assembly in Kuala Lumpur by urging the EU not to enact a regulation that would allow a maximum of 5 per cent of vegetable fats, apart from cocoa butter, in the manufacture of chocolate and chocolate products.

4. Cotton

285. Table V.6 below shows production of seed cotton by major African producing countries and world wide. On aggregate, the African regional total production declined by 4.9 per cent in 1994.

Table V.6
Output of seed cotton world wide and by major African producers, 1990-1994
(Thousand tons and regional percentage share)

286. In Egypt, the largest producer in the region, lint output is estimated at 325,000 tons for 1994/1995 compared with 409,000 tons in 1993/1994. The reduction is ascribed to the shrinking in the area under cultivation to 726,100 feddans in 1994-95 instead of 884,310 feddans (1 feddan = 0.42 ha) cultivated in the 1993-94 season. Following the removal of state subsidies on seed, fertilizer, and pest control, there was an increase in cotton cultivation costs from LE 30 per feddan in 1989 to about LE 560 in 1994, and cotton farmers shifted to rice cultivation which had become relatively cheaper to produce. As a result, exports of Egyptian extra-fine cotton soared dramatically in 1993/1994, to reach 40 per cent of world cotton trade.

287. According to data provided by the International Cotton Advisory Committee (ICAC), production in the francophone countries (Benin, Burkina Faso, Cameroon, the Central African

Republic, Chad, Côte d'Ivoire, Guinea, Madagascar, Mali, the Niger, Senegal and Togo) rose from 224,000 tons in 1980-1981 to 441,000 tons in 1986-1987 and reached 517,000 tons by 1993-1994. The marked rise in the international price, coupled with the 50 per cent devaluation of the CFA franc, will raise receipts in domestic currency and foster a substantial increase in the area under cotton in CFA countries in 1994/1995. Production may well reach a record 600,000 tons, from an area of 1.37 million hectares, but the yield per hectare may well be below the average because of the higher costs of imported inputs following the devaluation.

288. In Mali, production grew at an average compound rate of 10.5 per cent per annum during 1990-1994, reaching 330,000 tons in the latter year. There is growing evidence that farmers in different parts of Mali are switching to the cultivation of the cash crop, attracted by the 40 per cent rise in producer price of cotton to CFA F 115 per kg. This has been typically the case in the Kontiala region.

289. In Nigeria, cotton farmers in Kaduna and elsewhere are reaping the windfall benefits of the higher cotton prices: an upturn in demand was triggered by the decision of local textile mills to switch to domestic sources of raw material rather than suffer the uncertainties of the foreign exchange allocation system. Local cotton prices per ton have soared to 20,000-25,000 naira, compared with the 5,000-7,000 naira per ton that prevailed in 1993.

290. In the Sudan, the decision of the government to grow more food crops had, in effect, meant devoting the vast irrigated cotton plantation areas to the growing of more wheat and, hence, the relegation of cotton plantation to the poor, rain-irrigated areas, resulting, among other things, in a drastic decline in cotton production by 45 per cent during 1990-1994.

291. The ICAC estimates that the combined production of cotton in Zimbabwe, South Africa and Zambia will be 147,000 tons higher in 1994/1995 than in the pre-drought year 1990/1991. Expansion in the areas under cultivation is expected in each of the three countries, because of a prospective rise in domestic prices and yield per hectare. In Zimbabwe the area under cultivation in 1994/1995 is forecasted to expand by 9 per cent to 250,000 hectares, and the average yield to 370 kg/ha, the highest since 1988/1989. A 25 percent expansion in the area under cotton cultivation in South African to 100,000 hectares would still leave cotton plantation at less than half the 1988/1989 level. An expansion of 10 per cent in the area under cultivation is forecasted in Zambia, where the yield/hectare in 1993/1994 was the highest since 1987/1988.

5. Sugar

292. Table V.7 below shows production of raw sugar by major African countries and world wide. The region total increased by 15.9 per cent in 1994.

Table V.7

Raw sugar production world wide and by major African

producers, 1990-1994
(Thousand tons)

293. In Egypt, the largest producer in the region, production stagnated at 1.1 million tons in 1993 and 1994. Customs duty on imports, which stood at 15 per cent on refined sugar and 5 per cent on raw sugar was eliminated. That move was mainly intended to give a boost to domestic production.

294. In Mauritius, output increased by 11.5 per cent in 1994, and the sugar producing sector, which employs 35,000 casual workers and more than 40,000 industry employees, is still to be revitalized. In a budget statement delivered on 20 June 1994, it was stated that employees of the sugar industry would be given a unique opportunity to the ownership of sugar companies as share-holders. To this effect, a Sugar Investment Trust was set up, which would acquire up to 20 per cent of the share capital of each of the sugar companies. The equity share-holding of planters and employees would be effected through grants and soft loans from a Sugar Planters Fund and a Sugar Employees Fund, respectively. An amount of 320 million Mauritian rupees would be credited to the two Funds over the next two years. In addition, all milling and sugar-cane growing companies would be required to contribute to a Modernization and Diversification Reserve, which would collect a total of Mau Rs 175 million annually over the next ten years. Sugar estates would have to allocate a minimum of 10,200 acres (490 ha) for fruit production and 1,000 acres for permanent food crops.

295. In Swaziland, production fell by 7 per cent in 1993/1994, but is expected to return to the level of the three preceding years as the drought recedes. Export tonnages rose in 1993/1994 by 1.6 per cent. The surge in the international price of sugar, reinforced by the devaluation of the Lilangeni against the country's major trading currencies, enhanced export earnings to the extent of 30.7 per cent in the 1993/1994 season. Between 1989/1990 and 1993/1994, domestic consumption rose at an average annual rate of 28.75 per cent as a result of the expansion of the manufacturing firms which use sugar as an input in their production activities and a surge in household usage.

296. In Kenya, production stagnated in 1993 and 1994, some 12 per cent below the output attained in 1990 (see table V.7). At the same time, sugar companies have faced competition from cheap imports. The fall in production is attributed to erratic weather conditions, declining soil fertility, poor seed cane and inadequate services. To combat the problem, the Government has actively enforced a new $57 per ton tax on sugar imports. Economic liberalization and abolition of import licensing have enabled Kenyan importers to buy sugar on the world market at prices which Kenyan producers consider to be below local production costs.

297. In Morocco, although production of refined sugar rose from 500,000 tons in 1993 to 508,000 tons in 1994, the current annual output is considerably still less than the annual consumption of 760,000 tons. The current irrigated sugar beet and sugar-cane areas of 80,000 ha, could be expanded to 120,000 ha. The sugar-processing sector is currently being privatized. Government

support has taken two main forms: an office with the specific task of consolidating the use of sugar-processing technology has been established; and a Sugar Research Institute which covers planning, training, coordination and compilation of statistics has been instituted.

298. In Zimbabwe, production increased by more than 10-folds in 1994. The sub-sector has steadily recovered from the severe drought of 1991/92 when production stood at a mere 9000 tons. Exports are estimated to reach 200,000 tons in the 1994/95 season.

6. Tea

299. Table V.8 below shows tea production by major African producing countries and world wide. African production of tea declined by 7.0 per cent in 1994.

Table V.8
Production of tea world wide and by major African producers, 1990-1994
(Thousand tons and regional percentage share)

300. In Kenya, the largest African producer, output declined by 11.8 per cent in 1994. Small farmers had an additional incentive through the increase in monthly advance payments per kg of tea from K Sh.3.00 to K Sh.4.50 for green leaf delivered to the factory. Other factors which contributed to the increase in output included good maintenance of rural access roads with support from the agricultural produce levies on tea, thereby ensuring that the crop reached the factories and the market without any loss and with minimum delay. The complete liberalization of the tea industry, the introduction of the dollar auction and the creation of retention accounts all contributed to improved production of this crop.

301. In Uganda, tea production has increased steadily, from 9,500 ton in 1992 to 12,300 tons in 1993, and by 23 per cent in 1994. The steady growth is mainly due to the rehabilitation of 70 per cent of the plantation field. Rehabilitation takes three to four years to have a full impact on yields, and the expectation is that production will continue to increase in the medium term. Six Ugandan tea estates are to be rehabilitated and developed over the next five years under a scheme backed by the Commonwealth Development Corporation (CDC). CDC and Finlays are to acquire 75 per cent of the assets of the Government-owned Agricultural Enterprises Limited under a new joint-venture arrangement.

7. Tobacco

302. Table V.9 below shows the trends during 1990-1994 in the main tobacco producing countries of the African region and in the world production. The overall production in Africa declined by 12.2 per cent in 1994.

Table V.9
Output of tobacco world-wide and by major African producers, 1990-1994
(Thousand tons and regional percentage share)

303. In Zimbabwe, which is the largest producer, output declined by 11.2 per cent in 1994. The 1994 tobacco selling season opened on a strong note, with buyers offering an average price per kg of 883.35 Zimbabwe dollars ($109.86) for flue-cured tobacco, compared to the average price in 1993 of Z$ 802.62 ($123.77). Total sales for the 1994 season, ending in June, amounted to 67,288,000 kg at an average price per kg of Z$ 1,295.74 ($163.29). Following massive stockpiling of excess leaf in 1993, the tobacco industry took several precautions including reducing the cultivated area for the entire season by 25 per cent. This resulted in a reduction in output by about 170 million kg, bringing supply into balance with demand. That move was reinforced by lower production costs and concentration on the cultivation of the good, quality soft, nature-ripe tobacco which is in high demand on the international market. Earnings from tobacco are estimated to reach $285 million in 1994 compared with $275 realized in 1993. After a break of 18 years, the Burley tobacco auction floors opened in April 1994 with prices per kg averaging Z$ 1,135.92 ($142,30). Total sales for the 1994 season amounted to 4,807,561 kg at an average price per kg of Z$ 1,187.95 ($149.22), compared to the average price in the previous season of Z$ 603.61.

304. In Malawi, production has declined by 26.1 per cent. By September 1994, only 98,000 tons of tobacco had been sold on the auction floors. Market prices for the 1994 crop season averaged $1.38 per kg, 30 per cent higher than in 1993. Tobacco accounts for some 65 per cent of Malawi's export earnings but recent evidence has shown that there has been an increasing tendency to switch from tobacco and hybrid maize production to chili-growing as a result of a steep rise in the international price of chilis. There are now over 5,000 farmers growing chilis, compared with 100 in 1992.

D. The Livestock Sector

305. In 1994, as in the past, livestock development efforts in Africa continue to be beset by poor utilization of modern technologies, inadequate livestock policies and difficulties associated with evaluating performance due to paucity of reliable data both at subregional and regional levels. A proper

identification of domains for priority intervention in the sector remains still a difficult task.

1. Livestock population

306. The livestock population (cattle, buffaloes, sheep, goats, pigs, horses, chicken, camels, mules and asses) in Africa[49] was estimated at 205.38 million tropical livestock units (TLU) in 1994 compared to 203.23 million TLU in 1993. The growth of about 1 per cent in proportion poorly compares with the 2 per cent in 1993 and an average annual growth of 1.28 per cent over the decade 1984-1994. The decrease might has been caused by the adverse effects of the drought that caused havoc in East and Southern Africa in 1992[50]. The TLU growth remained poor in 1994 and was even slightly negative in West Africa, probably due to lack of tangible recovery in the livestock sector in spite of the good rains and pasture conditions in 1994[51]. Nevertheless, growth is expected to be poor in 1995 at around 1 per cent, resulting in a total population of only 207.42 million TLU.

Table V.10
African livestock population by subregion

2. Meat

307. Meat self-sufficiency ratio (SSR) in the region dropped to 91.4 per cent in 1994 from the previous low level of (94.7 per cent) in 1993 (table V.11). At subregional level, production levels were likewise unsatisfactory in 1993/1994, and, in East and Southern Africa, decreased by 1.3 per cent, due to the carry over effects of drought. The meat SSR was lowest in 1993 (67.6

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[49]One TLU is equivalent to 250 kg body weight. Equivalences by species are as follows per one animal:

Animal	No. of TLU
Camel	1.0
Horse	0.8
Buffalo	0.7
Cattle	0.7
Mule	0.7
Ass	0.5
Pig	0.2
Sheep or goat	0.1
Chickeny	0.1

[50]FAO, Food Outlook: Highlights, Nos. 1/2 (Rome, January/February 1994).

[51]FAO, Food crops and Shortages: Special Report No.4 (Rome, July/August 1994).

per cent) and 1994 (67.2 per cent) in the civil strife and war-torn Great Lakes subregion and highest (95.3 per cent for both 1993 and 1994), albeit inadequate still, in West Africa. In line with the current trend, meat SSR is expected to stagnate or decrease slightly to 91.2 per cent in Africa, falling to 90.3 per cent in the East and Southern subregions.

308. As a result of drought, animal retention for herd rebuilding had increased, thus resulting in a contraction in meat output in 1993. During the same year, the per capita meat consumption fell, in contrast to the marginal rise in most other developing regions[52]. A significant higher production of pork was obtained in 1993 in Nigeria and Ghana, probably due to the availability of cassava for feed. The increase in the production of pork was estimated at 5 per cent in the region. Production of poultry meat was expected to expand in Egypt because of rising domestic demand, and in Morocco because of the boost given by increased protection against foreign competitions since late 1993 and on account of improved feed supplies. There was not much change in bovine meat output in 1994 though in some drought-affected countries, including Kenya, emergency slaughter has given it a temporary boost. The subsidized barley sales launched by the Government of Tunisia to sustain livestock production were expected to increase the country's cattle meat output in 1994. Overall, demand for meat in 1994 was expected to fall in Africa, with a reduction in per capita consumption that reflected depressed economic conditions in the region[53]. The reduction in consumption was expected to be substantial in countries affected by the devaluation of the CFA franc, which led to a considerable increase in meat prices.

Table V.11
Meat self-sufficiency by subregion: 1993, 1994 and 1995

3. Milk

309. Total milk production from cattle, buffaloes, sheep and goats in Africa is estimated at 19.6 million tons in 1994, a slight increase of 0.6 per cent over the 19.5 million tons in 1993. Cow milk production, however, is in decline, having fallen from 15 million tons in 1991 to 14.8 million tons in 1992 and from 14.7 million tons in 1993 and 14.6 million tons in 1994. The decline may be ascribed to a decrease in dairy cow herds in drought-affected Southern and East Africa. The growth in overall milk output is insignificant - far below the 4 per cent annual growth estimated as needed to feed the growing sub-Saharan

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[52]FAO, Food Outlook: Highlights, No. 1/2, (Rome, January/February 1994).

[53]FAO, Food Outlook: Highlights. Nos 7/8/9 (Rome, September 1994).

population and to progressively reduce milk imports[54]. Milk production for 1995 is estimated 19.7 million tons.

E. Fisheries

310. The fisheries sector (marine and inland fisheries which exploit aquatic living resources) has shown positive socio-economic results in recent years, contributing in a significantly to the supply of animal protein and to the balance of trade of the region. The breakdown between artisanal and industrial fishing activities in Africa is as follows: (i) Inland fisheries: the quasi-totality of the catches is based on artisanal fishing; (ii) African marine fisheries: around 50% of the catches obtained from artisanal fishing and 50% from industrial fleets; and, (iii) Foreign fleets: exclusively composed of industrial vessels.

311. Fisheries are an important source of foreign currency earnings and employment creation in Africa. The total number of people employed in the sector is around 10 million, of which 2 million are employed directly in fishing and 8 million indirectly. The total manpower employed in this subsector represents some 9 per cent of the active population engaged in agriculture. Fisheries are also a major source of animal protein in the Africans diet. The annual per capita intake in 1989-1990 was estimated at 8.4 kg, which is low compared with world averages of 13.4 kg in 1988-1990 and 12 kg in 1979-1981, and still far lower than an average of 26.6 kg (22.7 kg for EU) for developed countries. However, it was comparable with the average for other developing regions, with the exception of South East Asia, where the intake is around the EU level. Subregionally, the intake ranged from 4.6 kg in Southern Africa to 12.2 kg in Central Africa.

312. The output of African fisheries increased by some 29 per cent between 1985 and 1991. Fish production (inland and marine) has now stabilized at 4.6-4.4 million tons per annum, with 40 per cent from the inland waters. However, an estimated 2.8-3.3 million tons per annum of fisheries products must top that total, and this represent the catches in offshore waters by foreign fleets (in particular, EU fleets). The global fisheries resources available amount, therefore, to around 7.5 million tons, 7.8-8 per cent of total world catches (amounting to 98 million tons in 1992). In the early 1990s the USSR catches on the western coast of Africa were more than 1 million tons. By 1992, this had slumped to 369,000 tons, a fall of 72 per cent within a one year. Many African countries, therefore, will have the opportunity to capitalize on this source formerly utilized by the USSR. They will have to proceed with caution, however, in view of the low prices of the species and the wide variability in the size of stocks. The entry into force of U.N. Convention of the Law of the Sea (UNCLOS II) in November 1994 (the Convention was signed in 1982), the establishment of Economic Exclusive Zones (EEZ's) and extension of jurisdiction have directly represented significant gains in the economic revenues

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[54]World Bank, Sub-Saharan Africa: from Crisis to Sustainable Growth; A long-term Perspective Study (Washington D.C., 1989).

that coastal African countries could earn from the distant-water states, either through joint-ventures or direct payments for being allowed to fish in their EEZ's.

313. The main production data for Africa, excluding South Africa, are summarized in table V.12 below.

Table V.12
Catches by developing African and foreign fleets: 1985, 1991 and 1992
(Million tons)

314. It should be noted, however, that in 1992 the coast of West Africa accounted for around 80 per cent of all African marine catches in the African waters.

315. World aquaculture production has been expanding faster than total fisheries output in the 1990s, and particularly so in shrimp production. Motivations for aquaculture investment have ranged from enhancing rural employment and supplementing domestic food supply to generating export income (mainly salmon and shrimp farming). Forecasts indicate that the share of aquaculture will continue to increase, within a total output that will show a minimal change.

316. It must be admitted, however, that aquaculture has had only limited success in Africa, production being concentrated in Egypt and Nigeria, and was only 39.000 tons and 17.000 tons, respectively in 1992, out of a total of 74.000 tons.

F. Forestry

1. Production of forest products

317. Globally, trends in the output of forest products in Africa appear to be encouraging, although pronounced differences exist among individual species and among countries. During the period 1990-1994, for instance, the region's annual output of roundwood grew by an average of 2.3 per cent. The annual growth rate for fuelwood and charcoal is estimated at 2.6 per cent, while the output of the other major wood products was static or, rather in a few cases, it is slightly declining. Table V.13 offers an overview of production of the major products for 1990-1994.

Table V.13
Output of forest products in Africa,(1990-1994)
(Thousand cubic metres unless otherwise stated)

318. Despite price hikes and soaring demand on international markets for forest products, the region's export earnings have been sagging over the last four years. Earnings from roundwood in 1990 amounted to $996.4 million. By 1992, they had plummeted to $696.6

million. Likewise, the region's earnings in 1990 from the export of industrial roundwood was $994.7 million, and further shranked to $684.4 million in 1992. Table V.14 below presents a summary situation of the region's export earnings from major forest products in the period 1990-1992, with estimates for 1993-1994.

Table V.14
Earnings from African exports of forestry products, 1990-1994
(Millions of dollars)

319. The major factors explaining the stagnation in output which occurred in 1993-1994 were the growing desire on the part of producing countries to conserve and rationally utilize existing forest resources; and the apparent decline in demand for the region's forest products in some of the principal consuming countries, such as Germany and the Netherlands. What is more encouraging, however, is the fact that many African countries have gone beyond conservation and made greater efforts to plant a larger variety of tree species.

320. Early in 1994, for instance, the Sudan planted 109,000 feddans with gum-producing acacia trees. One of the objectives was to set up a barrier against desertification. For Mauritania, various United Nations agencies have put up $13.5 million to finance a regional investment programme, an important element of which is the development of 2,700 hectares of arable land and 700 hectares of woodland. In Zambia, fairly large plantations have been established (particularly in the copper belt) so as to form the basis of a plywood and paper industry, but the indigenous forests continue to be the dominant source of sawn timber, poles, mining timber and fuelwood.

321. In Tunisia, the 1992-1996 Development Plan accords a high priority to the expansion of forest resources as one of the recipes for combating drought and desertification. Consequently, a massive tree-planting programme has been launched. The Niger is also strongly committed to the adoption and execution of anti-desertification policies, a cardinal element of which is the planting of a large number of trees annually under the auspices of the country's Water and Forest Service. Felling trees and trading in wood products require prior government approval. In Burkina Faso, where the land under forest cover is shrinking, local tree planting is actively encouraged and stiff penalties are meted out to people felling trees illegally.

322. In May 1994, the Ethiopian Government launched the preparatory stage for implementing the field-based projects on resource management of forests, woodland and trees. The projects come within the broader framework of an environmental conservation strategy and

focus on associated resources, such as wildlife, beeswax, tannin, myrrh and gum arabic. The objectives of the projects are to conserve forest ecosystems and genetic resources, as well as to supply sawn timber, fuelwood, poles and fodder; and to enhance soil fertility through, inter alia, the planting of appropriate species.

323. In Cameroon and Gabon, intensified efforts are being made to expand forest production in response to escalating world prices of traditional forest products. The two species produced on a large-scale in Gabon are okoume and kevazingo, for which there seems to be a growing demand. World prices for them and for other forest products are surging.

324. In Mozambique, the forest cover is estimated at 71 per cent of the total land area. However, intensive use of land and over-population have occasioned a substantial loss of forests and of bio-diversity. Along the country's coast, many mangrove areas are under threat, owing to the intensity of fuelwood harvesting. In the savanna and maritime regions of Togo, as well as in some areas of Côte d'Ivoire, deforestation is taking place at an appalling rate of about 300,000 hectares annually.

325. In value terms, imports of forest products by Africa (processed) are estimated at around a fifth of its exports. The most significant importing countries are in North Africa: Egypt, the Libyan Arab Jamahiriya and Morocco, with Egypt and Morocco being the largest. The commodities which they imported included wood pulp, paper, wood-based panels and paper board.

2. Forestry Sector Problems and Prospects

326. While the forestry sector is likely to benefit from current environmental protection policies, it still faces a number of problems. In the area of foreign trade, it may be jeopardized by the international conventions such as that on international trade in endangered species, which is expected to take place some time in 1995. The convention may favour a boycott on the sale of some species, such as sipo, acajou, afromosia and bosse, which are believed to be on the verge of extinction. Such a ban would definitely bring about a slump in the export earnings of African countries. Delegates attending the 16th Ministerial Meeting of the African Timber Organization (ATO), convened in Côte d'Ivoire in 1994, objected to that move and called for increased local processing of logs.

327. Another problem which may also endanger to trade in forestry products is the continuing devastation of forests, including the wildlife which inhabits them. There are various reasons for that, such as energy requirements, use for construction, mismanagement and unsuitable land cultivation practices. Currently, 5 million hectares of African forests disappear annually. This compares with new planting of only 300,000 hectares of various tree species. The

concern over forest devastation and wildlife safety led six countries in East and Southern Africa (Kenya, South Africa, Swaziland, the United Republic of Tanzania, Uganda, and Zambia) to sign an agreement in 1994 for setting up the world's first international wildlife task force. One of the aims was the control of illegal trade. However, those engaged in forestry are also confronted by other impediments including: improper and poorly reinforced legislation , inadequate resource allocations, armed conflicts, resettlement of refugees, planning rigidities, dilapidated infrastructural facilities.

328. An array of measures will have to be taken to tackle the above problems. The most important among them are: the adoption and the effective application of liberal policies that favour private ownership of forest lands; the design and utilization of fuel-efficient stoves; the development of alternative sources of energy (biogas, biomass, bagas, fossil fuels, solar power, wind-power, etc.); the efficient planning of land-use; the mobilization and allocation of adequate resources for the sector; and resolution of political conflicts. Equally important are: research on fast-growing tree species; rehabilitation of wood-processing plants; reforms of forestry institutions and amelioration of their management; harmonization of international initiatives in the sector; redefinition of the public sector's role in forest plantation, conservation and exploitation; and alleviation of poverty in all its ramifications.

329. However, the prospects for improvement in the forestry sector will also depend on the supplementation of domestic measures by efforts at the international level. In January 1994, for example, an agreement was concluded between countries producing and consuming tropical wood, with the principal objective of enhancing production, strengthening research, and facilitate exchange of information and improvement of wood processing. Further, a meeting of ministers and other high-level officials responsible for forestry affairs was convened FAO headquarters in Rome in March 1995 with the objective of providing a global forum for the harmonization of international initiatives in the sector. Coupled with the world-wide environmental protection policies already in course of implementation, that may brighten prospects for improving the performance of the sector in the years ahead.

G. Rural Development Policies in 1994-1995

330. Government policy initiatives in 1994-1995, aimed at promoting rural development, were targeted at poverty alleviation; rationalization and liberalization of agricultural parastatals; subsidized credit; price guarantees and price support; sustainable agricultural activities in combination with protection of the environment.

1. Poverty alleviation

331. In Zambia, the Government took several initiatives to support people most vulnerable to the negative impact of economic reforms. It adopted three programmes: the Programme to Prevent Malnutrition (PPM), the Food-for-Work Programme and the Programme for Urban Self-Help (PUSH), all of which aim at providing short-term relief. In Botswana, the 1994 budget had earmarked the largest share, amounting to 335 million pulas (21 per cent of expenditure) to the Ministry of Local Government, Lands and Housing. Almost a quarter of the provision was allocated to the Accelerated Land Servicing Programme. A sum of P38 million was devoted to labour-oriented relief projects which provide employment opportunities for the rural population. In Ghana, the food grain technology programme introduced in 1993 started producing results. Forty-five post-harvest grain villages were established and spread across the 10 regions of the country. The basic concepts of post-harvest crop technology were explained to the village communities, including crib and patio construction (in the southern areas of the country) and mud silo construction (in the northern areas). In addition, trials were carried out in the Ashanti and Greater Accra Regions to determine whether a storage technology - developed in Colombia, South America, - could significantly increase the storage and shelf life of freshly harvested, locally grown cassava in Ghana.

2. Subsidies and price support

332. In Cameroon, Burkina Faso and Chad, an integral component of the policy reform strategy is the creation of a social safety net to protect the most disadvantaged segment of the population. It takes the form of curtailment of price increases for major cereals such as sorghum and rice. In Côte d'Ivoire, a fund of 3.1 billion CFA francs was created in April 1994 for the purpose of helping small farmers to up-grade their agricultural implements and to obtain credit for the purchase of fertilizers. In Tunisia, the Government subsidizes barley production to help farmers to feed livestock, and has kept the price of imported barley low. Small farmers have been given subsidies to buy seed and fertiliser. The price of water for irrigation has been cut and farmers' debts have been rescheduled. In Morocco, in order to prevent a collapse in the price of wheat, the Government guarantees a floor price. Farmers are in any event still feeling the financial effects of two years of drought and the Government has taken measures to help them by rescheduling crop finance debts and by reducing the price of diesel fuel used for agricultural purposes. In Kenya, a guaranteed floor producer price for major crops such as maize, wheat, rice and sugar cane was put in place, based on international prices. In addition, greater provision of agricultural credit has been instituted through the establishment of an Agricultural Development Bank, with the mandate to accept deposits from the public and lend money to farmers and selected agro-industrial enterprises.

3. Rationalization and liberalization of agricultural parastatals

333. Some Governments took steps in 1994 to ameliorate the management and operation of public-sector institutions, including those dealing with agricultural services. In Gabon, action was taken to strengthen such institutions and clarify their financial linkages with the Government. Similar efforts were made in Benin, Cameroon, Ethiopia, Sierra Leone and Zimbabwe. In Ethiopia, for example, some public-sector institutions for agricultural developments were strengthened, while others have been dismantled. In Zimbabwe, arrangements have been initiated to dismantle the Agricultural Marketing Authority and to replace it with a new institution named the Marketing Finance Corporation. In addition, government subsidies on maize meal and other basic foods have been discontinued. In Madagascar, efforts have been made to minimize state intervention in the marketing of vanilla, one of the country's export crops. In Uganda, trade restrictions have been lifted. The civil service and the army have been down-sized and some state enterprises have been privatized. In Cameroon, a restructuring programme for the coffee and cocoa industries was initiated in 1991, when the system of licensing buyers was abandoned. In the second quarter of 1994, arabica prices for farmers were allowed to move freely for the first time on record. A vital element of the programme has been the improved diffusion of information on prices to farmers, particularly individual growers, with a view to protecting them from extortion by middlemen.

4. Sustainable agriculture and environmental protection

334. To address the present chronic dependence on food imports in Ethiopia, the Government embarked on the implementation of a programme in 1994 - other programmes are expected to follow. One of them is named "Sustainable Agriculture and Environmental Rehabilitation in Tigray" (SAERT). The measures to be undertaken by the programme include afforestation; soil and water conservation work; and increased agricultural production, on a sustainable basis, with the use of technologies of extensive water harvesting. In the preparatory phase of the programme, 60 irrigation schemes containing complete irrigation structures are to be built, which will be planned to provide substantial improvement in environmental rehabilitation for areas around the irrigation sites. Better cultural practices and the employment of modern inputs and irrigation practices are also to be introduced.

335. Burundi, the United Republic of Tanzania, Zaire and Zambia are jointly launching a major and unique initiative in environmental protection during 1994-1995. Under the World Bank's Global Environment Facility (GEF) and with an estimated cost of $10 million, those four border countries of Lake Tanganyika are to protect the lake from urban and industrial pollution and from suspended sediments entering the lake as the result of deforestation of the watershed and of poor agricultural practices. The programme, which is likely to be completed within five years, will form part of the framework of long-term development for the

utilization and preservation of the lake's natural resources.

5. The development of river basin projects

336. In many countries, increased funds were allocated to the development of irrigation in 1994. In Swaziland, for example, a major initiative to which the Government is now committed is the Komati River Basin Development Project. It includes the construction of a dam on the Komati at Maguga but the main aim of the scheme is the development of approximately 7,500 hectares of irrigated land. The project will focus on sugar and citrus plantation, construction of the dam is expected to commence in 1997.

337. The Niger has launched a major rural development project in the Tarka Valley proper and in the catchment basins of the tributaries of the Tarka. The total area covered by the project is 2,800 sq.km in the Madaoua and Bouza districts. The objective of the project is to improve on food security by using modern irrigation systems and to raise the income and promote investment potential by improving the organization of marketing. The project will provide pump irrigation to 500 hectares of cropland, from which 4,000 farmers will benefit. It is expected that an extra 40,000 tons of off-season products will be produced, with a significant rise in cash incomes and employment. The project, which will also help people to participate in identifying and carrying out soil conservation and environmental protection schemes, will be of direct benefit to 60,000 villagers in the project area and of indirect benefit to the 12,000 inhabitants of the town of Madaoua.

338. Despite the series of policy pronouncements and policy interventions in 1994 by many African governments to step-up the production of food and agricultural output for food self-sufficiency, the region is still experiencing a steady decline in food production. In the face of population growth rate of over 3 per cent per annum, per capita food production showed a negative growth rate of 5.3 per cent in 1991-1992 compared to -0.1 per cent in 1981-1990 and a -1.3 per cent during 1971-1980. The average productivity of the African peasant farmer has remained low, due mainly to the shortage of inputs; and so has the average yield of agricultural land in the region. In effect, much more still remain to be done in areas of institutional and policy reforms as well as in the development of infrastructure, research capacity, field extension services, access to credit, better distribution of inputs, etc. There is an urgent need for African governments to realize that food self-sufficiency objectives can only be achieved through the device of appropriate food security strategies, and have a longer view of the required improvements in food security in the region. Given the high population growth rates in Africa, and the increasingly limited arable and pastoral land base, the dependence on agricultural employment by a large proportion of the

food-insecure rural population, and the renewed acceleration of agricultural growth through sustainable technology remains a precondition for household food security in the region.

VI. MINING

A. Overview

339. In 1993, recession in the industrialized countries and output contraction in the former Soviet Union depressed world demand for minerals and metal ores. Prices, already in decline since 1989, fell to very low levels: the United Nations price index of minerals, ores and metals declined from 134 in 1991 to 129 in 1992 and to 110 in 1993 before rising to 125 in 1994 (1985 = 100). Given the externally oriented nature of the African mining industry, which still produces essentially for export - internal consumption accounts for less than 1 per cent of output - that could only depress mining production, which has been edging down since the late 1980s.

340. In addition, the situation in Zaire, one of the major producers of metal ores in the region, remained unsettled and, with no maintenance to mining infrastructure, output particularly copper output, continued to fall. Even if South Africa is included, with its rich mining industry accounting for about 65 per cent of GDP value added, one finds that, compared with 1992, mining value added (MINVA)[55] dropped slightly in 1993 (by 0.3 per cent) after decreasing at an annual average rate of 1 per cent during 1990-1992. In developing Africa, where it accounts for 34.6 per cent of regional MINVA, output dropped 4.6 per cent in 1993, after an average decline of 5.6 per cent a year in 1990-1992. Declines were substantial in respect of cobalt (43.2 per cent), copper (12.76 per cent), diamonds (12.7 per cent), iron ore (10.6 per cent) and phosphates (10.7 per cent). In the same year, production increased in the case of lead (14.8 per cent), bauxite (5.6 per cent) and nickel (3.4 per cent). The production of other mined commodities in 1993 remained around the levels of 1992.

341. The world economy recovered in 1994, causing a strong rise in demand for mined commodities, boosted in particular by the raw material needs of the rapidly industrializing Asian countries. Prices rose by 8.2 per cent according to the above index. The price of aluminium went up by nearly 30 per cent, while copper prices averaged $2.3 per kg, 20.8 per cent higher than in 1993. Despite those price rises, African mining production increased only slightly, MINVA rising by 0.6 per cent. The continuing collapse of output in Zaire, where annual copper production is now estimated at 50,000 tons, only a tenth of potential production, the continuing difficulties in Zimbabwe and poor demand on the diamond market have played a role. In addition, years of under-investment in the mining sector, which is only beginning to be corrected, have

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[55] Estimated as the difference between regional value added and oil exporters value added.

resulted in the obsolescence of the production facilities; and the lack of exploration and research has led to a low level of known ("proven") reserves for many minerals and metal ores.

342. Over the past 20 years, Africa has fared poorly in terms of the amount of money spent on exploration and mine development. Foreign investment was very low, particularly during the 1980s: what came into the region for exploration activities was largely from the already established multinationals in the oil sector, in countries such as Algeria, Angola, Egypt, Gabon, and Nigeria. Apart from the oil-exporting countries, only a few countries such as Botswana, Ghana, Namibia, Zambia and Zimbabwe have attracted the interest of mining companies. It is only in recent years - with an increasing number of countries introducing economic reforms, improvements in investment codes and procedures, more liberal income tax systems and fiscal concessions - that foreign mining companies are investing in countries such as Burkina Faso, Côte d'Ivoire, Guinea, Mali and Senegal.

B. <u>Output of Selected Mined Products in 1993-1994</u>

343. The available data on mining production (see table VI.1 below) shows that although there have been fluctuations in the levels of output of individual products, the overall trend was downwards in 1993. There are as yet no complete data on specific products for 1994; nevertheless, preliminary estimates suggest that cobalt and copper are continuing their downward trend. The performance of other minerals and metal ores is rather poor, with output of bauxite and gold decreasing slightly.

Table VI.1
Mining production in Africa, 1989-1994

1. Aluminium and bauxite

344. Guinea is the second biggest bauxite producer in the world. In recent years, production has fluctuated with demand, according to the economic cycle in industrialized countries. Since aluminium is produced from bauxite, demand and prices of both are linked, though the cost of energy is an important element in the cost and hence the price of aluminium. In 1994, recovery in the world economy has boosted demand for both aluminium and bauxite. The price of aluminium rose by 29.8 per cent but production of bauxite, having gained 5.6 per cent in 1993, remained at the same level. The reason may have been that a large part of Guinean output is exported to the Ukraine, which imported less in 1994 because of its economic crisis. Guinean exports declined by 16.6 per cent and the reason might be the low-cost exports by Russia that have prevented higher price rises.

345. In 1993, aluminium production in Africa remained almost

unchanged at 618,000 tons, after growing during three consecutive years. Production dropped particularly in Ghana (by 2.5 per cent) in 1993. Only Cameroon, which is dependent upon imports of alumina from Guinea, recorded a production increase (of 5 per cent) in 1993. Production by Egypt also increased marginally (by 1.2 per cent). Preliminary estimates for 1994 suggest an overall production drop of about 4 per cent. New facilities are currently under construction. Their capacities, in tons per annum are: Egypt (60,000); Nigeria (180,000); and South Africa (466,000). They are likely to increase the region's production, but only from 1995 on wards.

2. Cobalt

346. African cobalt production is practically limited to Zaire and Zimbabwe. Output has been declining due to the political crisis in Zaire. Because of the substantial reserve stocks, Zaire Gécamines Corporation has been able to prevent too large a decline in exports, but since cobalt production is linked with that of copper, it has inevitably declined, in view of the serious damage which has been done to Gécamines production facilities. In 1993, total African production fell to 11,200 tons, and might be even worse in 1994 as a result of Zaire's production being slumped below the 2,200 tons produced in 1993.

3. Copper

347. The decline in African copper output has become a permanent feature since the early 1990s, when production started to slump at Gécamines in Zaire and at the Zambia Consolidated Copper Mines (ZCCM), which together account for 90 per cent of the region's output. In 1993, production by Gécamines was a mere 51,000 tons, compared to more than 400,000 tons in the late 1980s. Production dropped in Zambia by 11 per cent in the same year.

348. Zaire had been the sixth largest producer in the world in the mid-1980s, but the worsening situation of Gécamines since 1991 resulted in a deep cut in production and the country's copper industry seems to have lost its eminent position once held in the international market. Production fell by over 60 per cent in 1993, reaching levels lower than those at the country's independence. Production remained stagnant at 51,000 tons in 1993 and 1994 due to the damage to Gécamines production facilities and plant during the 1991-1992 riots and also to the lack of maintenance and investment and to the mismanagement of the company during the preceding years.

349. Zambia has been a producer of copper and associated ores and minerals for over 60 years. The copper resource base is exceptionally high-grade and extensive, with estimated reserves of about 400 million tons. Production appears to have been marginally lower for the financial year 1992/1993 than previously at 431,500 tons. The reduction occurred mainly in the second half of 1993, when

improvements and maintenance works were taking place at the cobalt refineries. During the first two quarters of the financial year 1993/1994, ZCCM had a shortfall of approximately 8 per cent in finished copper production. For the year as a whole, production is targeted at 423,800 tons, some 1.7 per cent lower than in the previous year. Stress problems at the Mufulira division, smelter problems at the Nkhana division and continuing low concentrator recovery at Nchanga, were the major factors accounting for this shortfall.

4. Diamonds

350. The main diamond producers in Africa are Botswana, Namibia, South Africa and Zaire, Zaire being chiefly a producer of industrial diamonds. Other notable producers are Ghana, the Central African Republic, Guinea and Sierra Leone, while there is diamond production on a very small scale in other African countries. Given the high value of diamonds, their mining is an activity exposed to many risks and in those countries where government control is weak large-scale smuggling and theft of diamond stones take place. This was the situation in Sierra Leone for many years, while in Zaire large amounts of the diamond trade completely escape official channels. In Angola, the diamond mining areas were overrun by opposition forces in the civil war activities during 1992-1993.

351. Estimates in this Survey of African diamond production total 34 million carats in 1993, 12.7 per cent less than the 39 million produced in 1992. Those figures may not be very accurate, in the circumstances described. Most probably, production has continued to increase because, in the economic collapse which countries such as Angola, Sierra Leone and Zaire have suffered, the pressure to get revenues at any cost must be considerable. In fact the <u>Observatoire des Matières Premières</u> in Paris, France, a department of the French Ministry of Industry, estimates African diamond production in 1993 at nearly 44 million carats: Zaire, 15.6 million; Botswana, 14.7 million; and South Africa, 10.3 million. In that estimate Angolan production stood at only 90,000 carats and that is the official figure which excludes production from an area mostly outside government control.

352. The most serious problems for diamond mining have been on the side of demand. Due to recession since 1991, demand has been weak on traditional markets, prompting the De Beers Central Selling Organization (CSO) - which controls most of the world diamond market - to lower its quotas in late 1993. This measure was relaxed in 1994, but a new problem appeared in the shape of the sales policy of Russia, which sold its diamonds outside the CSO system, thereby exerting downward pressure on prices. Countries such as Botswana, which have built their prosperity on diamond exports are particularly affected by this development.

5. Gold

353. Africa is a gold-rich continent and since its mining is a mature activity in the developed world and in the Africa, sub-Saharan Africa is an area with great growth potential. The main feature of the gold industry in 1993 was the surge in demand in developing country markets, particularly in China. Most African gold-producing countries were, therefore, driven by that surge. The result was that total African production, which had increased by 2 per cent in 1992, continued the upward trend and reached 676 tons in 1993. Most of the increase came from Ghana, where production reached 41.4 tons, an increase of 24.3 per cent. In other producing countries, output remained stagnant or increased only marginally.

354. The Ghanaian industry is doing very well and in 1993 gold overtook cocoa as the largest single source of export earnings. Privatization, expansion programmes, investment in new plants and technology, enabled Ashanti Goldfield Corporation (AGC) to mine a variety of ore deposits from both deep and open pit mining, as well as the sulphide deposits, thus keeping costs down. The Company initiated in 1992 the Ashanti Mine Expansion Project (AMEP), designed to increase annual production to over 1 million ounces by 1995/1996. AMEP involves a number of major developments to both the underground and surface mining operations and also the construction of the new sulphide treatment plant. However, interim results announced in late May 1994 by AGC showed that first semester production for financial 1993/1994 of 11.5 tons was somewhat below the company's targeted output of 11.9 tons. The shortfall was attributed to lower-grade ores. Nevertheless, AGC hoped to step up output in the second semester and achieve an output of 42 tons for the full financial 1993/1994, 1.4 per cent more than in 1992/1993. The current exploration programme has increased AGC's proven and probable reserves from 16.8 million ounces to 18.1 million ounces.

355. Production in South Africa in the first quarter of 1994 was promising, largely because the Rand depreciated against the dollar. But production for the first seven months was reported to be around 6 per cent less than in the corresponding period of 1993: 339 tons compared to 358 tons. However, that seems to have been a temporary setback related to the labour disruptions at the time of the April general elections and to stoppages in the first half of the year.

6. Phosphate

356. Since 1992 phosphate rock prices have weakened, leading to lower production levels in Africa for the third successive year. Decline in phosphate fertilizer consumption, the political and economic changes in the former Eastern Block countries of Europe, coupled with a reduction in fertilizer and crop subsidies, particularly in USA and Western Europe, were also reasons behind

the decline. In 1993, production dropped by 10.7 per cent to 28.94 million tons.

357. In Morocco, phosphate rock production declined by 4.1 per cent in 1993. these production levels are well below capacity and preliminary estimates for 1994 suggest that output may have grown by 9.7 per cent. Moroccan exports are likely to benefit from a 30-50 per cent reduction in customs duties under the terms of the Uruguay Round of GATT.

358. Phosphate production dominates the Togo mining economy. In 1992, apart from the general downward trend that the industry faced, production was badly affected by a general strike. Preliminary estimates suggest a production of 2.08 million tons, a decline of over 20 per cent compared to the previous year.

359. In Egypt, a relatively large amount of phosphate has been produced in the past. Official figures indicate that in recent years production has been significantly below 1 million tons. However, industry figures indicate a production level of 1.3 million tons in 1991 and 1992, based exclusively on operations at Sebaiya, on the River Nile south of Luxor. In addition, the development of the country's largest single phosphate resource, on Abu Tartur plateau, north-west of El Kharga in the Western Desert, continues to receive attention.

360. Tunisia, although its phosphate rock production capacity is small, has become the world's fifth largest supplier, based primarily on the expansion of its mines in the Gafsa Basin of the southern part of the country, operated by the state-owned Compagnie des Phosphates de Gafsa (CPG).

7. Uranium

361. Four African countries produce practically all the uranium extracted in the region: Gabon, Namibia, the Niger and South Africa. According to the Observatoire des Matières Premières, 1993 production (in terms of metal content) was 6,912 tons, the Niger being first with 2,913 tons. As explained in previous Surveys, the fact that no new nuclear plants were being built around the world for a number of years (as a result of some accidents) made for a deep fall in demand for uranium. The Niger, which based its brief economic boom of the 1970s on uranium exports, was particularly affected. Prices fell from the high levels of the early 1970s to an average of only $7.10 in 1994.

362. Accurate figures are not yet available for 1994, but it would seem that production has remained more or less at its previous level. The Niger reported production at 2,960 tons, slightly

higher (1,6 per cent) than in 1993. It is probable that South African production has grown slightly, to feed its nuclear installations. It is the only African country with significant use of nuclear power, with a uranium consumption estimated at 2 million TOE in 1993 (BP Statistical Review of World Energy, June 1994).

C. Structural Constraints Affecting the Mining Sector

363. The mining sector in Africa is faced with many difficulties, such as the shortage of foreign exchange to purchase equipment and spare parts for ageing machinery and a low level of investment. In addition, structural problems greatly hinder the full development of the sector. Three constraints are considered in this section.

1. Low processing capacity

364. The establishment of a more diversified mining sector in Africa has been sluggish. There seems to be some imbalances between mine production, processing industries and refined production. Only a small quantity of the bauxite produced in Africa is refined to alumina in Guinea; the rest, destined to aluminium production, is exported out of the region, largely to Europe, North America and Asia. In 1993 Africa produced 18.9 million tons of bauxite, of which only 0.9 million tons were refined to alumina, i.e., 4.7 per cent.

365. Aluminium industry is disjointed and uncoordinated. There is no country in Africa with vertically integrated aluminium industries -which means combined capacity for bauxite mining, alumina refining, aluminium production and metal fabrication [56]. Though Cameroon, Ghana and Guinea are known to have plans for the establishment of such integrated production, almost the entire production of aluminium is exported in a wrought form.

2. Low domestic demand

366. One of the key problems of the African mining industry is the mismatch between production and the structure of domestic market demand. Today, the region produces goods that are not used in the region and consumes goods that are not domestically produced. Only a few countries, such as Egypt, Morocco, the Republic of South Africa and Zimbabwe, consume a substantial amount of locally produced metals and mineral products. Similarly, with the exception of the import of aluminium by Zimbabwe from South Africa and of alumina produced in Guinea by Cameroon, African trading in mining products is understood to be small. Though intra-African trading of some goods, such as fabricated aluminium products, is reported to exist in several areas, it is known to be constrained by poor market information as to what specific products are available in

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[56] ECA/UNIDO/AFRIALUM/TP/1/94, 18 July 1994.

the region.

367. The products of some of the existing mining enterprises - in copper, bauxite, alumina and primary aluminium, uranium and manganese, to name only a few - remain committed to the requirements of the "world" industry and not to the African region itself.

368. Among the African aluminium producers, for example, it is only in South Africa, Egypt and to a lesser extent Cameroon that an appreciable proportion of the primary aluminium produced is consumed in local fabricating facilities: in South Africa, 55 per cent; Egypt,44 per cent; and Cameroon, 22 per cent. Facilities do exist for fabricating aluminium semi-manufactures - such as sheets, circles, extrusions - and final products - such as construction fittings, irrigation equipment, utensils and foil. Examples are Algeria, Kenya, the Libyan Arab Jamahiriya, Nigeria, the United Republic of Tanzania, Tunisia and Zimbabwe. However, overall consumption remains abysmally low.

369. The African share of world consumption of refined copper is not only small, but remained stagnant also between 1980-1982 and 1990-1992 at only 0.3 per cent [57]. In 1992, for example, out of 675,500 tons of copper produced in Africa only 101,000 tons were consumed locally - with South Africa, accounting for more than 60 per cent of it [58].

3. Export-oriented production

370. The African mining industry is traditional in outlook and basically export-oriented. It is therefore extremely vulnerable to external shocks and the vagaries of the international market.

371. Weak demand in the industrial countries, combined with domestic production constraints, have had negative impact on the incomes of most African mining countries. The annual rate of growth of MINVA (at 1990 prices) has progressively fallen from 4.2 per cent in 1991 to 0.3 per cent in 1992. In 1993 it was negative (-1 per cent) and mining accounted for only 14.2 per cent of the GDP, some 8.9 per cent less than a year before. As a group, the exporting countries had a negative growth rate of 3.2 per cent in the same year. In 1994, the share of the mining sector in GDP is estimated at 14 per cent, some 1.7 per cent lower than in 1993.

372. The situation has undoubtedly been discouraging. Developing Africa's sales of copper, for instance, fell considerably in 1993: a drop of 58.2 for unrefined copper, 57.7 for refined copper/wire

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[57] UNCTAD/COM/37.

[58] World Metal Statistics, Vol. 47, no. 11 (November 1994).

bars, 53 for refined copper and 33.8 for cathodes. In terms of production, Gécamines of Zaire has witnessed output reduction by more than 50 per cent over the last three years; across the border in Zambia, though the fall has been less severe it has nevertheless been dramatic - the share of MINVA in GDP falling from 6.1 per cent in 1992 to 1.1 per cent in 1993. In 1994 in Zaire, earnings from official exports of diamonds plunged by 28 per cent during the first half of the year, compared to the same period in 1993.[59]

373. Minerals and metals produced in the region are destined almost entirely to companies affiliated to Western Europe, North America and Japan, where they are further processed and used. In return, Africa receives products manufactured abroad. In aluminium, for example, more than 60 per cent of Africa's primary aluminium is exported to international markets and the remainder is used as input to feed national fabricating units in a few countries such as South Africa, Egypt, Ghana and Cameroon.

374. Many multinational companies which operate either on their own or with state participation are highly integrated vertically and horizontally. Thus, with the notable exception of Egypt and South Africa, the management of production and trade in Africa's bauxite, alumina and aluminium enterprises is strongly influenced by overseas enterprises; and output is destined to affiliated operations in Western Europe and North America. Therefore, the Africa's products of there minerals remain committed to the requirements of the overseas industry and not those of the African region.

D. Policy Issues

1. Privatization in the mining sector

375. Private sector development and entrepreneurship are essential elements for improving efficiency and restoring growth. Factors such as State majority share holding, state control over mining industries and weak institutional capacity, have been the major constraining factors responsible for the poor performance of the sector in Africa; and have discouraged private capital investment. Because of the establishment of state-owned enterprises, most mining companies have shown less interest in making further investments in the sector in Africa and sought to maintain only the level of fixed investment which would enable them to deplete the mineral resources, heedless of the future of a country's mining activities.

376. The complexity of their respective goals and of the institutional structure - and sometimes the ambiguous division of responsibility and authority between the management of the State-

[59] Africa Energy and Mining, nos. 141 and 145, 1994.

owned mining enterprises and the Government institutions - have often resulted in failure to achieve profitability. In addition, shortfalls in the areas of technical, marketing, financial and managerial expertise have often exacerbated these problems.

377. Efforts were made during the 1980s to strengthen State mining enterprises and improve their performance. The methods adopted included: establishing direct market links; setting up specialized financial institutions; taking measures to improve marketing methods and reduce marketing costs; and establishing processing facilities abroad. The experience of the Mineral Marketing Corporation in Zimbabwe and of Prominex and similar bodies in Guinea shows, however, that is often difficult for the State to build up the necessary marketing network.[60]

378. Nationalization did not lead to the economic and social improvements that were hoped for in the 1960s and 1970s. The developments in the former Soviet Union in the late 1980s have led to changes in the political complexion of some African Governments and to a change of attitude by some others since the early 1990s. Efforts to increase foreign direct investment triggered a new wave of thinking with regard to the development of mining resources. Great attention was given to simplifying the investment-approval process, to establishing investment-promotion institutions and to making greater use of representative offices abroad to publicize investment opportunities.

379. Most African countries have sought to involve private investors, both local and foreign, since the late 1980s, thereby giving life to new policies on mining activities which would tap their vast resources and would enable them to gain access to the considerable technological, managerial and marketing skills of the private sector. To this end, Governments are pressing forward with the sale of state-owned enterprises at an accelerated rate. The most important examples have probably been the privatization of the Ashanti Goldfield Corporation of Ghana, in April 1994, and of ZCCM in Zambia. The copper mine of Zaire and the iron mine of M'Haoudat in Mauritania, are similarly capable of privatization. The result has been that the Ashanti gold mine is once more rated as one of the world's top 15 and a host of 180 private companies are now looking for gold in Ghana.

380. In Burkina Faso, a new mining code was adopted by the National Assembly in May 1993. It aims at encouraging mining exploration, giving overseas investors the equal rights of national investors and guaranteeing the right to repatriate investment capital and revenues, subject to normal taxation requirements.

381. In Zimbabwe, the Government adopted in May 1994 an an

[60] UNCTAD/COM/25.

to mining legislation offering incentives previously proposed. The retention scheme was changed to allow companies to keep 60 per cent of their hard currency earnings and to import new machinery and spare parts.

382. In Ethiopia, private mining exploration is encouraged; and a new mining law was adopted in 1993; the law provides exemption from customs duties and taxes on equipment and materials necessary for mining operations; the remittance abroad of profits and dividends, principal and interest on loans, and fees and other payments relating to investments is authorized. Taxable income is adjusted to let investors get a fair return on their investment.

383. In Sierra Leone, the Government unveiled its new mining policy in 1993. It addresses issues relating to effective control, prompt and effective licensing, security of tenure and environmental requirements. Some novel features of the new law include: the establishment of a Minerals Advisory Board; provision for non-citizens to form companies, cooperatives, and partnerships to mine precious minerals by "artisanal" methods. In addition, a comprehensive programme for the reform of the public enterprise sector is underway. The programme entails restructuring and divestiture of enterprises; and, where appropriate, liquidation of enterprises which have so far been a burden on the economy. For the areas of the country where gold and diamond smuggling has been massive over many years, the Government is in the process of evolving a comprehensive policy framework to allow rational exploitation, including security arrangements to contain the "pervasive problem of smuggling".

384. In Guinea, new regulations were introduced in 1993 to regulate artisanal exploitation and marketing of gold, diamonds and other gemstones. New rules for non-artisanal activity were issued in November 1993, specifying criteria for granting gold mining titles and laying down the mechanisms for the purchase of the gems, through Comptoirs d'achat (Marketing Boards).

385. In Mali, the institutional framework of the mining sector is being revised: public mining enterprises will be closed and sold to the private sector; and exploration contracts are being awarded to nationals. Since July 1993, a further flurry of activity in the mining sector has reinforced hopes for the future of this vital industry, in the light of the feasibility study on the gold deposits at Sadiola, which has started in 1993.

386. In Namibia, a comprehensive strategy to revive and diversify mining activities has been successfully launched by the Government, with the enactment of the law in 1992 which contains new fiscal provisions for the industry. Local gold producers can now seek offshore support for expansion projects and producers undertaking new investment are allowed to hedge a portion of their annual production by means of forward sales. In addition, new

administrative structures have been introduced to facilitate further explorations.

387. In Nigeria, the investment law was revised in 1993 so as to attract new investors and priority has been given to the development of solid minerals to reduce the dependence on oil. For that reason, the new mining law emphasizes the need to diversify away from the oil sector, in order to create a more balanced development. In that connection, the Government has set up a Minerals Development Bank to facilitate soft loans to mining investors, while removing bureaucratic delays previously encountered.

2. Improvements in the investment climate

388. Since the early 1980s, a continuous restructuring process is transforming the patterns of ownership of minerals and metal ores operations world wide with many companies disappearing and new ones emerging. The restructuring process is the outcome of the prolonged crisis that the industry was experiencing worldwide. That crisis has been caused by changes in the demand and supply patterns of many important metals, partly due to low rates of overall economic growth and reductions in the intensity of use of many traditional non-ferrous metals owing to increasing recycling.

389. In Africa, mining investment has been declining relative to other regions of the world. Survey data in 1991 indicated that receipts from foreign direct investment amounted to $2.5 billion, whereas the annual average for 1985-1990 had been below $2.7 billion. Only 4 per cent of world exploration expenditure by private companies was spent in Africa representing only 10-20 per cent of estimated needs [61]. Reasons for the declines are varied and include: civil disturbances, disagreements between foreign partners and Governments on investment strategies and declining profit margins due to high production costs. In addition, a number of factors that favour an increase of such investment in other developing regions (such as privatization programmes and debt-equity swaps) play only a limited role in Africa [62].

390. African countries continue to undergo far-reaching political and economic transformations which are designed to improve the investment climate. Many countries have adopted new national regulatory frameworks, enshrined in policy and legislative changes, accompanied by devaluation of their currencies. Others have created new mining institutions; the latest group includes Burkina Faso, Ghana, Namibia, Nigeria, Tunisia and Zimbabwe.

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[61] UNCTAD, International Seminar on the Role of Mineral Sector in the Economic Development of Africa, Morocco, 27-30 April, 1992.

[62] United Nations, World Investment Report 1994.

391. Those moves have received the support of such institutions as the Multilateral Investment Guarantee Agency (MIGA), an arm of the World Bank, which specializes in insuring investors against political risks. Since those risks are not as prominent as they were in the 1960s and the 1970s, MIGA is now actively encouraging investment in Africa's mining activities. One of the results has been an increasing interest of private investors in the African gold industry; and countries such as Botswana, Burkina Faso, Ghana, Guinea, Namibia and Zimbabwe have attracted significant foreign investment in gold mining.

392. In Algeria, private companies are increasingly encouraged by the Government to invest in the development of mining, which was once an exclusive domain of State enterprise. Since early 1994, 14 out of 26 projects for mining development have been put forward by local entrepreneurs, mainly in the sector of industrial minerals. The Office de la Recherche Géologique et Minière (ORGM) plans to review the 1991 Mining Code and introduce additional attractive terms, in line with the 1993 Investment Code.

393. In Zimbabwe, the Government offered incentives relate to projects involving private investment. New investment in gold mining gives access to cheap off-shore loans in the form of gold loans at the interest rates of 1-2 per cent currently, as against the previous punitive rates of 35-40 per cent.

394. In Angola, the investment climate for mining projects has changed significantly over the last three years and is now based on a free-market economy. The main elements of enabling legislation to create an environment favouring mining development relate to the foreign exchange regime, taxation and the regulatory and institutional framework.

E. Mineral Exploration and Development

395. Africa is rich in mineral resources and many of its countries are leading producers of particular commodities, e.g., cobalt, copper, bauxite, diamond and rutile. Some other countries, such as Zaire and South Africa, are endowed with considerable resources, a significant part of which has yet to be surveyed in detail. Despite the potential, investment in exploration has been low during the last 20 years because transnational mining companies have concentrated exploration in North America, Latin America, Asia and some countries of western Europe. According to the 1991 edition of the Survey, only 4 per cent of the private companies expenditure on exploration had been directed to Africa and represent 20 per cent only of the estimated needs.[63]

396. In recent years, and because of the recession which started in

[63] See ECA/UNIDO/AFRIALUM/TP/1/94, 18 July 1994.

1989 the demand for metals declined and Africa has lost out significantly in terms of investment in mining exploration. To make matters worse, international finance capital has focused on the so-called "emerging markets" in Asia and Latin America and on the emerging democracies in Eastern Europe.

397. Furthermore, political turmoil and conflict in countries such as Zaire greatly affected generally the attitudes to African mining. These events have not only weakened the region's competitive position on external markets: but have also diminished the availability of finance for exploration and development. The result is that, since 1990 and despite the fact that investment in African mining has revived, the region has been lagging behind other regions of the world and the shortfall of investment in the 1970s and 1980s has not recovered.

398. In 1993-1994, it is worthnoting that the greenstone belt area in the United Republic of Tanzania with its good potentials for gold mining continues to attract investors from Australian, British, Canadian, Chinese, Japanese and Russian companies. As of December 1993, more than 70 reconnaissance and prospecting licences were issued, of which 26 were granted to foreign investors. Cluff Resources plc signed an exploration and development agreement with the Government for the gold licence in respect of Geita, one of the most promising areas of the East African subregion. Preliminary sampling and examination of earlier exploration data from the area indicate good potential for gold oxide and sulphide mineralization along a 14 km belt. The drilling programme is scheduled to start in early 1995. Some other companies reported excellent nickel results, from exploration of the Geita area, in 1993.

399. The West African subregion experienced in 1993 the kind of exploration frenzy which swept through Latin America at that time. Interest gathered momentum following the initial public offering by Ashanti Goldfields. Other countries in West Africa are opening their doors, in a move to raise the level of capital investment in the subregion. By the end of 1993, 87 local and foreign companies had been granted gold reconnaissance and prospecting licences. The regularization of small-scale gold mining operations continued into its fifth year of operation in 1994. The Ashanti Goldfield Corporation acquired in 1994 a further concession of 140 square km, adjoining its current site at Obuasi. The potential of gold production in the whole subregion is large. Production could reach 75 tons a year by 1996. In Mali, for instance, a sizable gold mine is scheduled to become operational early in 1996 at Sadiola in the Kayes region. The average annual output is estimated at 1[illegible] tons during the first 12 years of mining and the Lamgod Gr[illegible] of Toronto, (Ontario, Canada) is to invest about Can$250 mil[illegible] the operation. In the Southern African countries (not i[illegible] South Africa), production is expected to increase to 30 tons a year starting in 1995 from the current production level of 25 tons. The East and Central African subregions have the potential to produce

60 tons a year, half of it in Zaire.

400. In Zimbabwe, a record number of the Exclusive Prospecting Orders have been approved since 1992, of which 131 became active in 1993. Another 104 applications are in the pipeline. At the end of 1993 about a third of Zimbabwe's land area had been covered by such Orders. In 1994 the Government applied pressure which has triggered what appears to be the long-awaited upturn in the mining industry. There has been an upsurge in applications by the private sector for exploration permits for all mining especially for diamonds and gold. Drilling activities have confirmed potentially commercial quantities of coal-bed methane in three different areas, in addition to copper, chrome, ferro-chrome, gold and platinum. Methane gas is being considered for ammonia production and electricity generation.

401. In Botswana, exploration continues to focus primarily on precious stones, gold and copper-nickel, with Anglo American and De Beers holding just over half of the 377 active prospecting licences in 1993. Prospecting for diamonds by other companies has also increased, bringing the total of licences in that sector to 24 in 1993. There are also 150 prospecting licences for base and precious metals, mainly in the north-east and around Lake Ngami. In addition, the Department of Geological Survey has started a 10-month aero-magnetic survey over the Ghanzi/Chobe area in the north-west, mainly to identify exploitable deposits of stratiform copper.

402. In Egypt, exploration activities were intensified during 1993 and new deposits of aluminium, copper, phosphates and zinc were discovered by the country's geologists on the Red Sea island and in the Gulf of Suez. Meanwhile, a re-evaluation programme carried out by Rumbold and Associés of the United Kingdom for exploring gold potential in the southern part of the country has shown a number of new potential targets in the area between the Nile and the Red Sea.

403. In Gabon, EU is considering a grant of 14 million ecus (about $16.2 million) for mining development and diversification programme. The grant is designed to safeguard the country's mining sector and in particular the uranium mining operation of <u>Compagnie des Mines d'Uranium de Franceville</u> (COMUF).

404. In Uganda, a revival of the copper industry started with the signing of an agreement between Kilembe Mines Ltd. and Banff Resources Ltd. of British Columbia (Canada). The agreement covers the financing of the feasibility studies by Banff, exploration and the rehabilitation of facilities at the mine. It also allows Kilembe Mines to carry out a study on copper and cobalt reserves and to revive the copper industry.

405. In Mozambique, Kenmare Resources Ltd. of Ireland has signed an agreement with BHP Minerals International Exploration Incorporated

covering exploration and development of Kenmare's Congolone mineral sands projects in the country. The Congolone deposit is located in the north-east of Mozambique and it is estimated to have a potential of at least 167 million tons of minerals in the sands, and production could be around 18 million tons a year.

406. In Nigeria, the Government allocated 15 million naira in 1994 to reactivate the State-run gold mine at Itagunmodi in Osun State. In addition to extensive deposits of iron ore and other industrial minerals, Nigeria is endowed with huge coal reserves, estimated at some 2,700 million tons, of which 640 million tons are proven reserves. The country would have an aluminium smelter (powered by gas that would otherwise have been flared) on stream by 1995. The plant would use about 33.6 billion cubic feet of natural gas (30.3 million TOE) annually for power generation.

F. Prospects

407. A long-term objective of Africa's mining industry is the development of downstream transformation industries to produce finished and semi-finished goods for regional and subregional consumption. This would be in the framework of regional market integration for minerals and mineral-based products to ensure optimal use of resources. The present external bias of the mining sector, which hinders the development of basic industries in the region, will then be overcome. Of course, the development of transformation industries will have be undertaken with due regard to its possible negative effects on the environment.

408. To attain that objective, the development, exploitation and utilization of mineral resources must be guided by principles which seek to conserve resources, protect the environment and enable the products to be utilized domestically in Africa. That is not to advocate regionalism or protectionism approach, but to lessen undue dependence on imports, a situation which deters local industrial development. To minimize the perennial problems caused by the price volatility of mining commodities and the deterioration of the terms of trade between exports of mineral raw materials and imports of mineral-based capital goods and consumer goods, African countries could strive to expand the production of the semi-manufactured and final goods through joint operations for increased consumption in the economies of the region. At present, production linkages for further processing prior to export, as well as to meet final demand in Africa are very meagre. The solution is to build downstream transformation industries to produce finished and semi-finished goods for subregional and regional consumption. In that way, a regional market integration for minerals and metal ores products, vertical and horizontal, could be enhanced.

409. To improve production and utilization of mining resources, Africa needs to establish a regional forum of producers and consumers to exchange views periodically and to determine ways and

means of accelerating the growth of African's mining industry. Except in Egypt and South Africa, where there is close collaboration and coordination at national level among government policy-makers, universities and other research institutions on matters related to the development of the aluminium industry, there is no adequate coordination among African experts on production and utilization of mining commodities. They need to exchange perceptions, strategies and actions for advancing a regionally integrated development of this important industrial sector.

410. Regional cooperation for joint exploration and exploitation is particularly necessary where development of large amounts of low-cost minerals which are in demand regionally has been identified. Such cooperation can be widened to develop new technologies and to create regional markets - an unlikely achievement on by a single-country.

411. Those developments will require huge capital investment at a time when there are signs of continued scarcity of capital in Africa During this period, there will be growing demand for investment of funds in Asia and Latin America. Although the oil companies, which supplied funding to the mining industry in the early 1980s have not left the field altogether, this flow of capital to mining is much smaller than it used to be. The stock markets are not as attracted today to mining as they were during the height of the "gold rush" in the mid-1980s, despite the large speculative investments in mining in 1994. Those facts indicate that capital availability will be a determinant factor for the mining industry in the second half of the 1990s.

412. However, the ongoing efforts to privatize the industry and the incentives programmes to attract more investment in the mining sector in the region, should be the focus for a decision-making, in order to strongly develop the mining sector. The process is bound to lead to new investment from private sources, both foreign and domestic, but it will take a long time before the region is able to increase significantly its mining production.

413. The adoption of an entirely new legal framework for the regulation of the mining industry is going to become imperative. To that end, African Governments will need to encourage more strongly the implementation of the requisite policy reforms and regulatory framework and to devise more purposeful promotional campaigns for the programme. Foreign mining companies will be looking, inter alia, for clear rules on investment in Africa. There is need, therefore, to consider, rationally, more incentives as well as objectives which will not lead to the kind of disruptions experienced in the past in the course of developing and utilizing the countries' resources. If these measures are guaranteed, then the hoped-for flurry of mining activity in Africa may actually take place. The geological environment is favourable for economically extractable deposits, as they were at the time of

the spectacular break-through in mining output during the 1980s. It suggests that the African mining sector can reach new heights if innovative investment proposals are given due consideration.

414. One area of activity with a bright future is gold mining and it is expected that investments in the sector will continue to grow in the coming years, notably in West Africa. The success of the Southern Africa Development Community (SADC) - European Union Mining Forum, held at Lusaka early in December 1994, is also likely to boost mining investment in the Southern Africa subregion. It is possible that South African mining companies play an important investment role in gold mining in Africa as a result of the lifting of sanctions.

415. In the short term, prospects are highly uncertain in terms of output of the mines. At all events, no substantial increase, can be expected in the near future. However, marginal increase in output of some specific products such as gold, antimony, diamonds and uranium, could be expected in 1995. Some countries which managed to increase the output of some products during the last few years continue to have difficulty in raising production. Outdated equipment, diminishing reserves and poor transport equipment, which have traditionally held back production, are among the obstacles. Moreover, in some countries political instability worsened during 1993 and early 1994 and will remain a problem in 1995. Prices will depend, as always, on demand trends - not only in "traditional" industrial countries but also in the rapidly industrializing countries of Asia and Latin America. Given the pace of development in the latter, it is to be expected that demand for mining products will remain firm in 1995. However, speculation could induce important fluctuations, as in the early 1995, when the rise in consumer prices in USA triggered a massive speculative movement out of minerals and metal ores and a large fall in the prices of copper and aluminium ensued.

VII. ENERGY

A. The Energy Situation in Africa

1. Energy resources

Africa's energy resource endowment is impressive: according to BP Statistical Review of World Energy,[64] the region accounted for 6.2 per cent of world proved reserves at December 1993 in the case of oil, 6.9 per cent in the case of natural gas and 6 per cent for coal. In addition, there is considerable hydroelectric potential, with sites such as that at Inga, Zaire - one of the most important sites in the world. Only a small part of the energy potential is exploited at present, and the situation in the various subregions and countries is far from being favourable on account of the uneven distribution of energy resources.

416. Most of the hydrocarbon deposits are located in just a few countries, but hydropower potential is widely distributed according to the river sites. However, biomass, especially fuelwood, remains the most important source of domestic energy in the region. Although biomass is renewable, a mix of factors (fuelwood gathering, bush burning, overgrazing and indiscriminate timber logging) have caused an alarming rate of deforestation. That is particularly the case in the countries of the Sahel, where no other significant energy resource is available.

2. Structure and level of energy consumption

417. Energy consumption and the level of economic development are closely interlinked, economic development requiring a corresponding increase in energy supply. Thus the low level of energy consumption in developing countries is a reflection of their low level of development. However, a major change in the energy demand pattern of those countries is now taking place, in conformity with similar changes in the world economy at large. Although developing countries now accounted for only about a third of world energy demand, in 1992, their energy consumption is now growing much faster than that of the developed countries. This is particularly evident in the case of developing Asian countries whose consumption grew by 4.9 per cent a year during the 1980s and by 5.1 per cent in 1990-1992. For comparison, in the countries of the OECD, the corresponding rates were 4 per cent and 1.3 per cent, respectively. With regard to commercial energy alone, BP reports a growth rate of primary consumption of 1.9 per cent a year in 1983-1993 in the OECD countries, compared to 5 per cent for developing countries; and the share of the latter countries rose to 28.7 per cent in 1993 from 22.4 per cent in 1983.

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[64] British Petroleum Company, London, June 1994.

418. The upsurge in the energy consumption of developing countries is due mainly to rapid industrialization in those countries, particularly the Asian countries, as well as to such factors as rapid population growth, an acceleration of the pace of urbanization, and the replacement of traditional energy sources by commercial energy. According to the IEA, by the year 2010 the share of world energy consumed by rich countries would have fallen below 50 per cent for the first time since the beginning of the industrial era, while that of developing countries will rise to 40 per cent.

419. The African region has not shared fully in the general upsurge of energy consumption in the developing countries. Its energy consumption remains low and has been increasing at only half the rate of the developing countries as a group - at a significantly slower rate than its population. Energy consumption per head in 1992 was estimated at only 0.5 TOE, with considerable variations in the subregions, ranging from 2.4 TOE in South Africa to 0.7 TOE in North Africa and 0.3 TOE in sub-Saharan Africa, which probably has the lowest per capita energy consumption of any area in the world. Moreover, while energy consumption in the African region rose by 3.7 per cent a year during the 1980s, it grew by 0.4 per cent a year in 1990-1992.

420. The structure of energy consumption in Africa is dominated by traditional fuels - mainly fuelwood - which represented 35 per cent of the total in 1992 (see table VII.1 below). In sub-Saharan Africa its proportion is 71.5 per cent, in contrasts with its minor role in North Africa and South Africa, where it represented less than 3 per cent of total consumption. In North Africa, the presence of abundant petroleum and gas resources and the scarcity of wood resources are the main causes, while in South Africa the advanced level of industrialization is an important determining factor. In sub-Saharan Africa, the bulk of commercial energy - mainly oil - is used in industry and transport while the energy requirements of households are almost totally covered by traditional fuels.

Table VII.1
Structure of energy consumption in Africa, 1992
(Million TOE)

B. Selected Energy Sources

1. Crude oil

a. Overall production in 1993-1994

421. In the past year, crude oil production has remained stable, dropping only slightly from 340.07 million tons in 1993 to 338.84 million tons in 1994 (see table VII.2 below). Production increases in countries such as Angola, Gabon, and the Libyan Arab Jamahiriya

have been offset by lower output elsewhere, particularly in Nigeria. The production by members of the OPEC declined to 240.8 million tons, 1.8 per cent less than in 1993. Non-OPEC production reached 97.4 million tons, an increase of 2.5 per cent, with the strongest growth in Angola, 6.3 per cent, and in the Congo, where production rose by 12.1 per cent, from 8.7 million tons in 1993 to 9.7 million tons in 1994.

Table VII.2
Crude oil production in Africa, 1990-1994
(Millions of tons)

422. In Nigeria, because of the workers' strike, production of oil fell in the second and third quarters of 1994 to about 1.9 million barrels a day (b/d) compared to 2 million b/d in the last quarter of 1993. The losses were most substantial in August 1994, when they forced some companies, such as Shell Nigeria, to declare force majeure. Nigeria's production for 1994 at 97.3 million tons remains the largest in Africa.

423. In the Libyan Arab Jamahiriya, production fell slightly in 1993 due to constraints imposed by the United Nations embargo, which called for a ban on the sale to Libya of oil-related equipment, other than those required to pump oil. The effect of the sanctions and the lack of investment in the oil sector could become even more serious in the future. In 1994, production edged up 0.2 per cent to 68.6 million tons and the Government hopes to bring production up to 2.1 million b/d (equivalent to 104.5 million tons) by 1996.

424. In Algeria, the estimate of 59.2 million tons of oil produced in 1994 is some 610,000 tons lower than the 59.8 million tons produced in 1993. Despite the prospect of new oilfields being opened in 1994, international oil companies have been reluctant to move in because of the country's current political situation. However, it must be emphasized that Algerian reserves of hydrocarbons are now thought to be considerable, on a par with those of Saudi Arabia according to some reports.

425. In Angola, the results achieved in 1994 were less than planned, as significant capacities remained shut because of the civil war. The rise in production was nevertheless impressive, and Angola has become one of the major African oil producers.

426. Production in Egypt rose only marginally, by 0.4 per cent, to 46.5 million tons in 1994. In Tunisia, production fell to 4.6 million tons in 1993 compared to 5.2 million tons in 1992. New output from the Cercina field, which came on stream in June 1994, and from the Rubana field, together with the doubling of production elsewhere, helped to limit the decline to 5 per cent for 1994 as a

whole.

b. Refineries

427. According to BP Statistical Review of World Energy,[65] Africa's refining capacity has not changed significantly since 1988 and is around 2.8 million b/d. This figure is in agreement with United Nations data in which Africa's capacity in 1992 is put at 147.4 million tons.[66] After declining to 2,783 million b/d in 1992, capacity increased slightly in 1993 to 2,825 million b/d.

428. Most African refineries are characterized by high operating costs, low capacity utilization and generally inefficient operations, due to inadequate maintenance and inappropriate management. With the exception of refineries in Nigeria, South Africa and possibly Côte d'Ivoire and Kenya, most refineries in sub-Saharan Africa are of limited scale, with capacities of less than 2 million tons a year, and operating at below 80 per cent. As a result, the products of those refineries are uncompetitive vis-a-vis imports from the Middle East and Western Europe.

429. In spite of this situation and because of rising demand for refined petroleum products and in order to increase their market share, some African countries pushed for higher refining capacity in the period 1990-1994. Some existing refineries were revamped or upgraded, however, without significantly improving market shares. According to the BP Review already quoted, African refinery throughput declined during 1991-1993 by 3.2 per cent and amounted to 2.36 million b/d in 1993.

430. One country where refinery capacity is significantly on the increase is Egypt, where it has grown from 24.5 million tons in 1989 to 27.5 million tons in 1991. A vast expansion programme to raise the capacity to 38.6 million tons by the end of the 1990s is currently underway, and in 1994 the Government gave the go-ahead to private-sector proposals for a new high technology refinery with an annual capacity of 5 million tons. Another refinery of similar size is being planned, both plants to have a free trade zone status and thus able to export to, and import from, any country.

431. In Nigeria, capacity utilization has deteriorated in recent years due to poor maintenance of refineries and as a direct consequence of the petrol subsidy system. In 1993 and 1994 the situation worsened further on account of the oil workers' strike, which led to imports of oil products in order to make for the shortfall. This unwelcome situation gave a new impetus to the idea

[65] Ibid.

[66] United Nations, Energy Statistics Yearbook 1992, Sales No. E/F.94.XVII.9.

of privatizing the country's refineries.

432. In South Africa, phase II of the refinery upgrading project is on progress. The intention is to restructure the oil refining industry, now that the end of apartheid has removed the international embargo. A number of small and unviable refineries have been closed. In addition, the focus is now on exports, competing with Middle East and Mediterranean refineries. In Gabon, the refining capacity has been progressively increased from its initial level of 600,000 tons a year to 800,000 tons a year.

c. Oil consumption

433. According to Enerdata and as shown in table VIII.1, oil represented 27 per cent of total energy consumption in Africa in 1992. If commercial energy is taken into consideration, however, the proportion will be much higher: it is estimated at 45 per cent by the BP Review quoted. Consumption rose by an annual average of 2.7 per cent during 1983-1993, with a rate of 2.8 for South Africa and 2.6 per cent for the rest of the region. Such rates, though much higher than those in OECD countries, are nevertheless lower than the rate of 4.5 per cent in Asia for the same period.

434. The main determinants of oil consumption in Africa are the high rate of population growth, the lack of alternative energy sources, the weakness of conservation policies and the impact of government policies which lead to very low prices for petroleum products on domestic markets, particularly in some oil-producing countries, most of which are now seeking to correct this anomaly by reducing subsidies on oil prices and encouraging natural gas consumption. In Egypt, for example, the substitution of natural gas for fuel oil in power generation and in industry generally is vigorously promoted and in 1993 fuel oil consumption dropped by 8.2 per cent.

2. Natural gas

a. Production

435. In 1993, Africa's marketed gas production reached 69.1 million tons TOE (around 76.8 billion cubic metres), 4.6 per cent more than in 1992 (see table VII.3 below). During period 1983-1993, the average annual growth rate was 5.6 per cent. Total gas production (including gas flared or reinjected at the field) increased in 1993 by 4.6 per cent to 168.6 billion cubic metres or 157.8 million TOE. This demonstrates the fact that only half the total production is used in the economy.

Table VII.3

Marketed gas production in Africa, 1990-1993
(Million TOE)

(i) North Africa

436. Algeria produces almost 67 per cent of African natural gas, with a record output of 46.1 million tons in 1993 only 0.4 per cent more than in 1992. Given that production of natural gas is now greater than that of crude oil and that reserves are such that it could increase considerably in the immediate future, there are renewed efforts to boost its production.

437. In Egypt, production has more than quadrupled since 1983 from 2.4 million tons to 10.1 million tons in 1993 - an average annual increase of 14 per cent. Efforts to boost production are also evident in Tunisia, since there, too, natural gas appears to have greater potential than oil. Total reserves in that country are estimated at 84-180 billion cubic metres. This figure is still dwarfed, however, by Algerian or Nigerian reserves estimated at the end of 1993 at more than 100 trillion (thousand million) cubic metres.

(ii) Sub-Saharan Africa

438. In sub-Saharan Africa, Nigeria contributes 80 per cent of total natural gas production. In 1993, Nigerian production rose by 9.1 per cent, reaching 4.6 million tons TOE. This represents 14 per cent only of the gross output of the fields, since most of the gas continues to be flared on site. Other gas producing countries in sub-Saharan Africa are Angola, the Congo, Gabon and Rwanda. In Gabon, production including gas flared or reinjected averages 2.7 billion cubic metres a year. Some other countries, such as the United Republic of Tanzania have good prospects to become natural gas producers. According to reports, production could begin soon at the Songo-Songo field off the country coast near Lindi. Proved reserves are estimated at 32.8 billion cubic metres of methane gas.

(b) Consumption

439. In Africa, natural gas represents a significant part of energy consumption in the major producing countries only . This reflects the policy of the Governments to free oil for export. Natural gas consumption, both in the producing countries and in neighbouring non-producing countries, could be much higher, if not for the high costs of laying the network pipelines and other infrastructure required for the development and use of natural gas. It is only in Algeria that natural gas represents more than 50 per cent of commercial energy consumption, whereas the average for developing Africa as a whole is 27.1 per cent. In Angola, Egypt and Nigeria, the proportion is 25 per cent and it is only 7 per cent in Gabon.

440. Though its share of natural gas in energy consumption is not higher than the African average, Egypt is exceptionally and all its production is practically consumed domestically:

Power stations	61%
Nitrogen fertiliser plants	17%
Other industries	13%
Cement factories	5%
Oil companies	3%
Households	1%

The priority is to continue to encourage the domestic use of gas rather than oil in order to free oil for exports. Natural gas supplied 78 per cent of power stations fuel requirements in the fiscal year 1993/1994 compared to 69 per cent in 1992/1993 and the proportion is expected to rise further by 1997 through the conversion of more power stations to natural gas.

441. In Algeria, natural gas consumption rose by 10 per cent in 1993 to 11 billion cubic metres, while exports reached 34.6 billion cubic metres.

442. As has been shown earlier, the commercial utilization of associated gas in other African producing countries is very low. Most of the gas is flared or better still reinjected. In sub-Saharan Africa as a whole, out of 37 billion cubic metres produced in 1991, more than 74 per cent was flared and only 15 per cent was used commercially. The balance of 11 per cent was reinjected to maintain oilfield pressure. In Nigeria, the proportion flared was particularly high at nearly 78 per cent. This situation is being changed and most oil producers now strive to utilize to the full their gas resources.

443. Projects to increase the volume of natural gas traded outside and inside national boundaries are underway in Algeria, Egypt and Nigeria. Egypt is considering a pipeline to transport natural gas through the Libyan Arab Jamahiriya to Algeria, where an undersea pipeline link to Italy already exists.

3. Electricity

444. Total electricity production in Africa was 327,325 million kWh in 1991, showing only a marginal increase of 0.7 per cent over 1992. Primary electricity, i.e., hydroelectricity production, grew at an average annual rate of 4.6 per cent in 1983-1993, though the rate fell to 2.3 per cent in 1993 because of a substantial fall, 28.5 per cent, in South African output. The latter represents, however, only 1.6 per cent of the African total.

445. Despite its enormous potential, primary electricity provided only 6.9 million TOE out of the total energy consumption in Africa of 131 million TOE. Moreover, in per capita terms, electricity

consumption declined at the rate of 0.2 per cent in 1991 and 2.2 per cent in 1992.[67]. The potential for low-cost electricity is considerable throughout the region, but it has yet to be exploited significantly and the majority of the population is still not connected to electric power.

446. A promising initiative in this respect is the effort at subregional level to connect African countries into a single electric grid. The Union of African Producers, Transporters and Distributors of Electricity (UPDEA) intends to connect countries from Mauritania to Zaire, which would permit deficit countries to import power from those which are better supplied. Phase I of the project will link the Ghanaian and Nigerian grids, phase II those of Côte d'Ivoire, Burkina Faso, Guinea, Sierra Leone and the Niger.

447. Other recent projects include the agreement signed in June 1994 by the United Nations Development Programme (UNDP) and the World Bank with the Mauritanian Ministry of Energy for the funding of the first phase of the Alisee electrical project. This project aims to install wind-powered generators in villages and rural settlements in order to provide lighting and power for pumping water.

448. A more important initiative is the project to supply five turbines for the Manantali dam on the Senegal river. This project has been the subject of negotiations between representatives of the Senegal Valley Development Organization (OMVS) and the financing institutions. The Manantali dam, completed at least 4 years ago, has not yet been equipped to supply electricity, despite its potentials.

449. Negotiations are also being undertaken for the export of electricity from Zaire to South Africa and Egypt.

C. Energy Policies

450. Energy policies naturally vary from one country to another according to energy endowments and other factors. Nevertheless, policy objectives are quite similar among African countries. In those countries which are net oil importers, a major objective is to reduce dependence on imported oil by taking steps to diversify energy supplies and finding substitutes for oil. In Mozambique, for example, a major goal is to supply households with less expensive fuel than oil, such as wood, charcoal or coal, but there can be no guarantee that the latter will be less expensive in terms of environmental costs.

451. Diversification away from fuel oil is likewise a major

[67] United Nations Energy Statistics yearbook 1992. Sales No. E/F.94.XVII.9

objective in Ethiopia. But, in a country where deforestation has made fuelwood expensive, and some parts of the country have become almost treeless, the immediate prospects for substitution fuel wood for fuel oil are limited. New hydroelectric capacity has therefore been established in recent years and a huge reforestation programme, exceptional in Africa, has been undertaken. It is now uncertain, however, whether the project, which is very important for various reasons (climate, environment, employment etc.), will be completed due to resource constraints.

452. In oil-producing countries, as shown in the preceding paragraphs, a major objective is to economize oil in order to increase exports (a) by substituting gas and other waste products associated with oil production and (b) by eliminating or reducing subsidies on the consumption of petroleum products. The latter objective has usually proved politically difficult, as in Nigeria.

D. Outlook

453. Regional co-operation in energy is imperative for Africa. The distribution of resources is rather uneven and, too often, domestic markets are too small to justify the building and use by one country of a major project like a hydroelectric dam, or a viable petroleum refinery. Regional co-operation will create more favourable conditions for national and overseas investment in the region's energy sector, including the creation of the plant and marketing infrastructure required to meet future energy demand.

454. Although energy is a critical input in the production process, the environmental costs of the various energy sources are now the subject of major concerns in policy formulation. Examples are deforestation resulting from tree-cutting and pollution and health hazards resulting from effluents from the burning of hydrocarbons. Developing countries therefore, face a basic dilemma in striving for "sustainable development". They would have to ensure that their policies for rapid economic growth do not have unintended harmful effects on the environment.

455. The prospects for oil and natural gas in 1995 will be determined by oil demand, OPEC's policy, the opening up of new deposits and the trend of oil prices. As regards oil demand, recent information (Le Figaro, 11 February 1995) indicates that, the International Energy Agency (IEA) projects world demand for crude oil at 69.2 million b/d per annum in 1995, some 1 million b/d more than in 1994. At the same time, stocks are at a very high level a consequence of weak demand in 1994, when mild weather in the Northern Hemisphere limited oil demand in the OECD countries.

456. The projected increase in oil demand is due to more rapid recovery than expected in the major western economies, and to increased demand in the Asian developing countries. The expectation is that producers will strive to supply the higher demand, even

though only a limited number of them have spare capacity, being currently under pressure of budget deficits and accumulated debts. Furthermore, whether Iraqi production will be ready in the markets in 1995 is an important question in determining the future course of prices, since resumption of supplies from that country could destabilize the pattern established since the Gulf War. OPEC policy is to stick to its present quota system; and events have shown that members are more disciplined than in the past, and rarely deviate from their allocated quotas.

457. The upshot is that African oil production will certainly increase in 1995 but by a small margin, most gains being made by countries such as Angola, the Congo, the Libyan Arab Jamahiriya and Nigeria, which are opening new oil fields or have spare capacity. Prices will probably remain stable, with little change from in their present level of $16-17 per barrel for Brent Crude. The International Monetary Fund (IMF) forecast for 1995 is that the average price will be $15.15 a barrel,[68] hardly different from the forecast of $15.16 a barrel given for 1994.

458. With the expansion of all four South African refineries now completed or near completion, significant excess capacity exists in that country and exports to sub-Saharan countries would possibly increase. This would tend to exert more pressure on the smaller, uneconomic refineries around the region and they may close: as the South African economy becomes increasingly integrated in the region, as internal tariff barriers fall and as oil industry regulations are amended. This development will not be unique to Africa. It is exactly what is happening in other regions, where small refineries are being replaced by bigger ones with capacity 10 or 20 times as large.

[68] See IMF, World Economic Outlook, October 1994.

VIII. MANUFACTURING INDUSTRY

A. Introduction

464. The structure of industrial production in Africa has remained practically the same since the early 1980s, with basic consumer goods industries, particularly agro-based and food processing industries accounting for the bulk of manufacturing output.

465. In 1994, the manufacturing sector continued to be characterized by structural weaknesses: low productivity, capacity under-utilization and low investments, particularly in core industries, and obsolete machinery and ill-maintained equipment. As a result the poor climatic conditions, such as the drought in the Southern African subregion in 1992 and its re-occurrence in 1994, the pace of growth in manufacturing value-added has been largely constrained by the inability of the agriculture sector to supply vital raw materials to industry. Industrial production has also been adversely affected by the civil wars, ethnic and political conflicts in countries such as Angola, Burundi, Liberia, Rwanda, Sierra Leone, Somalia and the Sudan. In Rwanda, for example, about half of the 120 factories operating prior to April 1994 have either been damaged or looted. It is estimated that Rwanda needs US$150 million to put the industrial sector back on its feet: US$60 million as repair costs for privately owned factories and state enterprises, and US$42 million for inputs of raw materials. Similarly, years of civil war had devastated Mozambique's sugar industry, with production plummeting to 15,554 tonnes in 1994 from the 1972 output level of 325,000 tonnes.

466. The poor performance of the manufacturing sector can be attributed also to the counter productive nature of certain policies pursued under economic reform programmes. The devaluation of national currencies has, for instance, made imported inputs expensive, thereby raising the cost of production. Broad liberalization measures have in general compounded the problems of domestic industries, as cheaper imports originating from technologically more advanced developing countries, especially those of South-East Asia, have made rapid inroads into the African basic consumer goods markets. In recent years, for example, dumping and unfair competition have been cited by the Manufacturers Association of Nigeria (MAN) and the Association of Ghanaian Industries (AGI) as being responsible for capacity underutilization and business failures in the two countries. According to a recent industrial survey carried out by the Central Bank of Nigeria (CBN), about 81.8 per cent of manufacturing enterprises in the sample were uncertain about medium-term prospects on account of the high cost

of production and of the dumping of cheap imports on the domestic market.[69]

B. Growth of Manufacturing Industry, 1994-1995

467. As shown in Table VIII.1, manufacturing value-added (MVA) of developing Africa recovered in 1994 with an estimated increase of some 5 per cent following a decline in 1993 and a modest increase in 1993. The recovery in 1994 seems to have been broad-based, with Central Africa being the only subregion recording a sharp fall of manufacturing output, primarily as a result of the crisis in Zaire which accounts for most of the industrial production in the area. In sub-Saharan Africa, the declining trend in manufacturing that prevailed since the beginning of the decade seems to have been reversed in 1994, with MVA growing by 3.05 per cent. If the 3.3 per cent growth in MVA in the Republic of South Africa is taken into account, the overall growth in MVA for the entire African region is about 4.4 per cent only.

468. In South Africa, the region's leading industrial country, almost a quarter of GDP is contributed by the manufacturing sector, compared to only 13 per cent for the rest of the region. The MVA in South Africa alone accounts for about 34 per cent of overall regional MVA. Manufacturing activities in Africa are indeed concentrated in the North African and Eastern and Southern African subregions where, between them, subregional MVA account for almost 86 per cent of regional MVA.

469. In Eastern and Southern African subregion, the growth of MVA which had declined by 0.55 per cent in 1993, increased by 3.20 per cent in 1994. Growth in the real output of the manufacturing sector in South Africa, accounting for 23.5 per cent of national GDP, faltered in the first half of 1994, because of the uncertainties of the pre-election period, labour unrest, work-stoppages, and the decrease in capacity utilization; but a strong rebound was recorded in manufacturing activity during the fourth quarter of the year. The decline was most pronounced in textiles, clothing, leather goods, paper and printing products, although the manufacture of machinery and transport equipment also declined. According to the Reserve Bank of South Africa, more than 50 per cent of the major subsectors of manufacturing are close to full production capacity or are moving quickly in that direction. The low levels of investment spending since the early 1980s have also led to an increase in the average age of the capital stock. There was however a rebound in the second half of the year sufficient enough to produce an overall positive growth for the year. South Africa accounts for about 77 per cent of the total MVA for the east and southern Africa subregion. Of the remaining 23 per cent,

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[69]Central Bank of Nigeria, Annual Report and Statement of Accounts for the year ended 31st December, 1993.

Zimbabwe is the most important contributor. Ethiopia, Kenya, Zambia and Zimbabwe together accounted for an average of close to 60 per cent of the manufacturing output of the subregion in 1993-1994, with Zimbabwe alone contributing 30 per cent. ECA estimates a modest recovery in the growth of manufacturing value-added at 3.9 per cent for Zimbabwe in 1994.

Table VIII.1
Indicators of manufacturing sector performance by subregion and economic groupings
(1992-1994)

470. In West Africa, trends in industrial sector performance is set by Nigeria and, to a large extent Ghana, Senegal and Côte d'Ivoire. In Nigeria, the manufacturing sector declined by 5.0 per cent in 1994 compared with 2.3 per cent growth achieved in 1993. The recession in manufacturing activities in the course of 1994 was traceable to a combination of factors, including disinvestment by a number of foreign companies, high production costs, increasing smuggling activities, and uncertainty about economic prospects associated with the political impasse in the country. The high cost of production reflected largely the high cost of borrowing and the general hike in tariffs for utilities. The manufacturing sector is projected to grow by 4.28 per cent in 1995, based on expected improvements in the level of capacity utilization in the sector and the impact of concessional loans and other incentives.

471. According to ECA estimates, the Côte d'Ivoire recorded an MVA growth of 0.8 per cent in 1994, the same as the overall increase in GDP, following the decline of 0.4 per cent in the 1992-1993 period. In Senegal, there were improvements in both GDP growth by 1.2 per cent in 1994 compared to a decline of 2.0 per cent in 1993, while MVA, down by 2.5 per cent in 1993, recovered at a growth rate of 2.6 per cent in 1994. Following the devaluation of the CFA, firms producing for the domestic market but largely reliant on imported inputs have been hard hit by the high prices of imported inputs. As a result, turnover has reportedly fallen by 40 per cent on average in these enterprises. Companies producing for the domestic market but with a low import content have fared rather better; the food, food-processing and textile sectors have been the main beneficiaries. The main export sectors (groundnuts, fish and potatoes) have undoubtedly benefitted from the devaluation in terms of local currency turnover, while the cement and chemicals sectors have also responded favourably.

472. Manufacturing growth performance in Ghana, though relatively modest in recent years, has shown steady improvement since 1992, with MVA estimated to have increased by 7.1 per cent in 1994. These trends, to a large extent, indicate the bright spots in the performance of the subregion's manufacturing sector which are

sometimes overshadowed by the collapse of economic activities in politically volatile countries like Liberia, Sierra Leone and the Gambia.

473. In North Africa, manufacturing value-added increased by 1.9 per cent in 1993, and is forecast to surge by 6.4 per cent in 1994. The pace of industrial growth in the subregion in 1993-1994 was spearheaded to a larger extent by Tunisia. The economy of Tunisia has averaged 5 per cent annual growth for over a decade, and its GDP per capita is the highest in the Maghreb Union. The reform measures adopted in 1993-1994 were expected to make effective contribution to project financing, by providing and mobilizing savings and through business funds and credit. Foreign investment in the country is projected at US$7600 million during the plan period, 1992-1996. In Morocco, the growth of MVA, which stood at 4.0 per cent in 1992 sank to a negative of 4.2 per cent in 1993 before rising to 0.8 per cent in 1994. The manufacturing sector, which accounted for about 18.5 per cent of GDP in 1993, is suffering from stiff competition from South-East Asian textiles and clothing. Morocco currently has a significant advantage in labour costs compared to the EU - a ratio of one to five - but the government is conscious of the risk of counting too much on this differential as a basis for expanding markets for Moroccan manufactures.

474. The industrial sector performance in the Central African subregion was affected, to a large extent, by the depressed economic conditions in Zaire which accounts for a substantial share of the manufacturing output of the subregion. Overall, the subregion has registered declines in MVA growth in recent years culminating in drastic drops of 9.41 per cent in 1992, 8.76 per cent in 1993 and an estimated 8.79 per cent in 1994. The country's investment needs are estimated at US$9000 million over the next three years, equivalent to its total external debt. In Cameroon, the impact of the devaluation is becoming increasingly evident with agro-industry showing a 66 per cent increase in turnover in the first quarter of 1994 and a massive 132 per cent rise in export sales. The food industry, in particular, which uses a high percentage of imported inputs, recorded a fall in turnover during the first quarter of 1994 of 5.2 per cent, despite an average increase in the sales price of 51 per cent.

C. Analysis of Key Manufacturing Sub-sectors

1. Agro-based and Food Industries

475. The food processing subsector accounts for over 60 per cent of the manufacturing value-added of the Africa region, although a relatively small part of the agricultural production is as yet industrially processed. Industrial processing of agricultural production, especially of food crops, is of vital importance to the Africa region not only for improving the supply of basic food

and processed exports, but also in terms of its direct impact on rural development and employment generation.

476. The involvement of foreign private enterprises in manufacturing is mostly in the processing of export crops such as coffee, cocoa, sugar, palm oil, etc., and a few food items such as diary products, meat and cereals. Most of the food processing in African countries is undertaken at the household and cottage levels, which because it is inefficiently handled, results in large wastages and the post-harvest losses in the region, estimated at about 40 per cent. Poor handling storage and poor processing of agricultural products undoubtedly contribute to the situation of the region being a net importer of processed agricultural products, including those for which it enjoys a comparative advantage. Africa imports a large quantity of cereals either commercially or through food aid. To reduce imports, a number of African countries are currently promoting local production of composite flour, made up of processed wheat and domestic staples such as sorghum, millet, etc. In addition, technological innovation for the bread-making out of non-wheat cereals is being experimented with.

477. Although practically all of the roots and tubers crop in Africa is processed by households, small-scale industrial processing has already begun under encouragement from local design and manufacture of small and medium-sized kits and units processing equipment.

478. It is estimated that at least 50 per cent of oil seed products are processed outside the modern sector, and that large quantities have continued to be processed at home using traditional techniques that often result in wastages and low yields. These losses are estimated at about 40 per cent of the oil liquids being left in the oilseed cake. The use of small-scale processing equipment, and hydraulic presses and solvent extraction, coupled with a better extraction rate, could eliminate the losses and improve the quality of the oil cake used for fodders.

479. Only a small fraction of the green coffee produced in Africa is industrially processed, locally. The regional production of coffee extracts, including instant coffee, is about 100,000 tons per year although Africa's annual production of green coffee now averages 1.25 million tons. A similar situation prevails with respect to cocoa beans for which Africa accounts for about 56 per cent of world production and 60 per cent of world exports. Despite the fact that Nigeria, Ghana and Cote d'ivoire have renewed investments in local processing, their combined cocoa grinding capacity remains relatively small. For instance, while less than 200,000 tonnes of cocoa beans have been grounded in African cocoa processing factories per year since 1990, the comparable tonnages of cocoa beans grounded in developed economies totalled 1,530,000, of which, 995,700 tonnes were processed in

Western Europe alone.[70] Côte d'ivoire, the largest producer of raw cocoa beans in the world, ranked only sixth in 1992 among the world's grinders of cocoa, although it is the African country with the largest installed grinding capacity.

Table VIII.2
Grindings of cocoa beans by country, 1989/90-1993/94
(000 tonnes)

480. As Africa is a net importer of textiles and clothing, there is room for the expansion of textile production supported by a sound raw-material base of natural and man-made fibres, and the modest capital requirements and skilled labour for the industry, all of which are within the reach of most African countries. As an illustration, Zimbabwe's textiles and clothing industry earns close to Z$1 billion per year, roughly 6 per cent of the country's annual budget and, employs about 40,000 people or 2 per cent of the labour force.[71] Textile is Egypt's largest and oldest manufacturing base contributing E£4 billion to the economy, of which E£1.7 billion is earned from exports. But the industry is hampered by problems of excess labour, outdated technology and lack of quality control stemming from the government's monopoly over cotton and most of the spinning and weaving mills in the country.[72]

481. To achieve a greater self-sufficiency in textile fabrics in the textile producing countries in Africa, actions would need to be taken in the areas of improved project formulation, implementation, evaluation and management where most of the difficult problems are encountered. At the sub-regional and regional levels, it will be necessary to make arrangements for intra-African trade in textiles; for co-operation among African countries in the field of training in textile technology, manufacturing and acquisition of spare parts; for the creation of African multinational textile firms for production, promotion and marketing, networking for the exchange of technical information; and, for the mobilization of financial and human resources.

482. The export potential of sawnwood and wood-based panels is expected to grow by 100-150 per cent between 1990 and 2000. In Ghana, the government has banned the export of round logs and declared the export of processed timber a top priority. The incentives given to boost wood processing activity include: duty free importation of machinery and equipment; capital allowance of 40 percent in the year of establishment of a new processing mill

[70] UNIDO, Industry and Development, Global Report, 1993/94.

[71] Africa Economic Digest, 29 August,1994.

[72] African Economic Digest, 9 May 1994.

and 20 percent in subsequent years; and, retention of 25-35 percent of export earnings.

483. Given Africa's vast wood resources, wood processing, sawnwood, wood-based panel wood, pulp and paper and paperboard industries these could be an important factor for rural development, employment creation and exports. Africa has not been able to achieve any significant degree of self-sufficiency in finished wood products. A deficit of more than 5 million tons of paper in the region is forecast by the year 2000. The region has the raw-material resources to fill this deficit, but the required technology and finance is lacking. In addition, the internal market is small in most African countries to support major pulp and paper industries. Apart from the countries of North Africa, only 12 other African countries, including Zimbabwe, Kenya and Swaziland, are able to produce each an average of 6,000 tons of paper a year, and this is unviable by international economic standards. Because of the enormous investments involved in major pulp and paper industries, a more pragmatic and productive approach would be through the establishment of multinational ventures under the aegis of the various economic groupings. It is imperative to strengthen co-operation between timber-deficit and timber-producing countries through joint ventures, marketing and management arrangements. Cooperation also needs to be promoted in the exchange of know-how and the provision of training facilities for the required skilled personnel that will make possible the movement from simple artisan methods to industrial processing, taking into account available technology options, appropriate standardization and quality control.

484. Within African countries, the basic constraints on industrial processing are small and fragmented markets, poor infrastructure, inappropriate financial institutions, a dearth of skilled labour and lack of technological capacity. The limitations of domestic policies and strategies are also important, for example when the free importation of goods which are produced eventually leads to the closure of existing local production facilities, and creates a disincentive for investment in new projects. Inadequate planning, combined with poor data and limited information on markets often render projects unviable form the start. The high capital cost of setting up industrial establishments and the limited availability of financial resources are other constraining factors. An additional problem is the shortage of skilled technical and managerial personnel, which is often aggravated by the brain drain. The consequent dependence on expatriate personnel often makes difficult the needed adaptation of foreign processing technology to local conditions.

485. Although Africa is endowed with agricultural, forest and aquatic resources only a small range of the region's primary commodities is as yet industrially processed locally. Most of the

region's raw materials are exported in crude or semi-processed form. Moreover, Africa's processed materials enjoy limited access to the markets of industrialized countries, and that may shrink even further in the future in the light of the advancing pace of technological advances and global trading arrangements.

486. In order to establish multi-national processing facilities for raw materials, there is need for inter-country cooperation among African counties in their review of the inventory of renewable sources of raw materials and energy, and concerted utilization of existing national processing units through commodity exchange mechanisms and the rehabilitation and expansion of such facilities. The African governments will need to provide adequate incentives and the encouragement that will enable the private sector to undertake research and development, and invest in the modernisation of agricultural commodity processing and marketing.

2. Metal and Metallurgical Industries

487. Manufacturing activities are fairly limited in the African countries in the field of metal and metallurgical industries. A few African countries that are well endowed with petroleum and natural gas resources have a sizeable chemical industry, including petroleum refineries and petrochemical and fertilizer plants, as is the case in Algeria, Egypt, Nigeria, Cameroon, Côte d'Ivoire, Gabon, Morocco and Libya Arab Jamahiriya. Not only is Algeria the second largest exporter of liquified natural gas (LNG)- an annual average of 28,8 billion cubic meters, the country has also developed a hydrocarbon sector and several plants manufacturing downstream hydrocarbon-based products. With the abundance of ethane in its natural gas, Algeria has established a national petro-chemical industry to manufacture ammonia, methanol and ethylene. Two major joint venture petrochemical projects have been set up by State companies in the Chemical and petrochemical sectors, led by the "Fonds de Participation", one to produce linear alkyl benzene(LAB) and the second, monomer vinyl acetate.

488. In the fertilizer sub-sector, Africa has the capacity to produce the equivalent of about 4 million tons of $P_2 O_5$, which represents nearly 5 per cent of the world capacity. The region's production capacity is about 2 million tons of Nitrogenous fertilizer per year, but the realized annual production is only about 1.76 million tons, nearly the equivalent of the region's consumption. In view of its endowments of natural gas, phosphate and potash, it has been estimated that the Africa region could capture 36 per cent share of the world production of fertilizers. The world's largest phosphate producer, Morocco, has in recent years made considerable investments in phosphate treatment and processing plants, including the largest ammonium phosphate plant in the world. The country's phosphoric acid production unit has a capacity of 5.2 million tons per year.

489. But existing fertilizer plants in Africa are operating at low capacity: 30.1 per cent in Algeria; 31.9 per cent in Libya; 76.6 per cent in Morocco; 70.9 percent in Tunisia, 49.2 per cent in Senegal; 4.2 per cent in Côte d'Ivoire and 13.8 percent in Mauritius. Small, fragmented markets make it difficult for the industry to function economically. The establishment of multinational enterprises that can competitively produce such intermediate products as phosphoric acid, ammonia and potash will do the industry a lot of good.

490. Only six countries in the region have established integrated iron and steel complexes: there are five plants in the North Africa subregion, two in West Africa and one in the subregion of East and southern Africa. The installed capacity of the individual units per annum ranges from 0.2 million in Tunisia to 2 million tons in Algeria and on average the utilization rate is 50 per cent. In addition, there are 29 mini-steel works and 45 rolling mills in 22 countries. However, production is inadequate in both volume and composition. There is practically no production of such intermediate inputs as special grade and alloyed steel for engineering industries. It is therefore not surprising that the region imports several million tons of steel products and that demand is growing and, according to recent projections by the ECA secretariat, the Economic Commission for Europe (ECE) and UNIDO, could reach 30 million tons in 1995 and 40 million tons in the year 2000 - a growth of 5.9 per cent per annum. These projections also suggest that the supply/demand gap, taking into account estimated future imports and local production, would increase to 18 million tons in 1995 and to 20 million tons in 2000.

491. A buoyant foundry industry is essential for the creation and development of viable engineering and other core industries which could constitute the backbone of the manufacturing activity in the region. Only Algeria, Egypt, Kenya and Zimbabwe have fairly developed facilities for producing quality iron and steel castings. Although there are a number of foundries in other countries of the region, they are either mainly artisanal or are not adequately equipped for the production of engineering grade steels. Regional foundry capacity is estimated at 500,000 tons per annum and current annual production at 200,000 tons (i.e., about 40 per cent of capacity).

492. Shortages of foreign exchange to import spare parts for machinery and high import costs had made the local production of spare parts a more viable alternative. Apart from saving foreign exchange, it would promote beneficial inter-enterprise linkages, favouring the creation of a number of small and medium-scale enterprises, which would obtain their intermediate inputs from the foundries. In the process, they would generate employment and develop skills.

493. In general, the situation of the steel and metal-working

enterprises in the region offers no sound prospects for the development of viable engineering industries. With the majority of existing mini-steel plants and rolling units either closed or operating at very low levels of capacity utilization, the gap between national supply and domestic demand in 1991 which was as much as 13 million tons has continued to widen markedly -- all the more regrettable in so much as annual steel consumption per head in the region is extremely low: 17 kg compared with a world average of 170 kg and an average of 40 kg for the aggregate of all developing countries.

494. A substantial proportion of steel imports into the region is for indirect consumption in the form of various kinds of equipment, machinery and spare parts. In recent years, the region has consumed in this indirect fashion 10 million tons of steel per annum and it is unlikely that such a state of affairs can be reversed in the near future. Nevertheless, it is logical to say that the region has considerable potential for the development of the steel and related metal-working industries. However, transforming potential into reality will depend on the rehabilitation of existing units and on the implementation of ongoing and new projects supported by adequate financial and technological know-how from industrialized countries.

495. The low level of engineering and electrical goods production in Africa is a direct reflection of the rudimentary stage of industrialization in the region. Capacity utilization of existing units does not exceed 40 per cent in many countries. The industry is dominated by the manufacturing of non-electrical machinery and transport equipment. The rate of investment in new facilities has slowed down considerably and most of the investments were for the replacement of obsolete installations. Production costs are high and, most production is in combustion engines, agricultural implements and household appliances. North Africa countries are the major manufacturers. By 1990, Zimbabwe was showing an increase of 3 per cent in the production of non-electrical machinery and, had started to export a range of machine tools such as straightening machines, grinding machines and sanders to Zambia and other PTA countries. Africa manufactures transport equipment such as motor vehicles, railways equipment, etc. but this represents a mere 0.3 per cent of world production.

496. On the whole, the non-food, non-agro-based industrial subsector in the African region is subject to serious constraints, such as the small size of domestic markets, while the opportunities within each subregion are not sufficiently exploited. A pragmatic strategy to overcome the handicap of market size would be to establish subregional multinational enterprises to produce intermediates and supply formulation units conveniently located to

serve groups of neighbouring countries.

D. National Industrial Policy Incentives

497. The major aspects of industrial policy in the course of 1994-1995 centred on the provision of special tax incentives to manufactured goods for export and/or export processing zones, special assistance to small-scale industries, privatization and the stimulation of foreign direct private investment. In Nigeria, for example, the following tax incentives were provided in the 1995 budget: (i) removal of any charge or tax on interest paid on bank loans for manufactured goods produced for export; (ii) exemption from tax of profits in the form of dividends derived from manufacturing companies in petro-chemical and liquified natural gas subsectors; (iii) the exclusion from tax of all expenses on research and development; (iv) removal of restriction on capital allowance to manufacturing companies. In Zimbabwe, the 1994 budget provides the following incentives for Export Processing Zones: income tax at a rate of 15 per cent after a tax holiday of five years; exemption from withholding taxes on dividends, royalties, interest and fees; refund of sales tax on goods and services; exemption from income tax of fringe benefits of persons employed in the Export Processing Zones; and duty free importation of raw materials and capital goods. In addition, in recognition of the stiff competition that local industries face in the international markets, the government reduced customs duties on textiles from 10 per cent to 5 per cent and for clothing from a range of 20-35 per cent to 15 per cent across the board. Further liberalization on the trade and exchange fronts, that has effectively raised the export retention level to 100 per cent and introduced a market- determined exchange rate should also help industry to increase production.

498. In Uganda, a Harmonized Commodity Coding system was introduced for import duties, excise duties and sales tax. This comprehensive code is now being modified to reclassify goods into luxury, intermediate and essential categories. The principal features of this reclassification are as follows: (a) duties on raw material imports for industry are in the main being harmonized to a rate of 10 per cent; (b) those for certain construction materials such as paints, varnishes, tubes and pipes, sales taxes are being reduced to 10 per cent; (c) sales tax on furniture, which is currently 30 per cent, is now reduced to 10 per cent.

499. In Kenya, the duty rate on yarns and threads is lowered to 30 per cent while that of zinc is lowered to 10 per cent. In addition, selective dumping duties are imposed on subsidised imports where these are adversely affecting local manufacturers. Two such dumped products that have been identified are PVA emulsion and tea sacks being imported from South Africa at subsidized prices. To make the dumping duties effective, no remission for dumping duties are available under the Export Promotion Programme Office (EPPO) or

Manufacturing Under Bond (MUB) programmes.

500. In Swaziland, under the Small-Scale Enterprise Loan Guarantee Scheme, the Central Bank guaranteed loans are to be made available under a fund established by the Government. The beneficiaries are small businesses that would otherwise face problems of collateral for normal commercial loans. To date, E7 million has been committed in guarantees, allowing a total loan commitment of E9.4 million which have benefited 365 borrowers, of whom 131 were women, 124 men and 110 small companies.

501. In Botswana, during 1993, a total of 446 projects costing P60 million with a potential to create an additional 5 355 jobs, were approved under the Financial Assistance Policy. Of the jobs to be created, 27 per cent would be by small-scale local entrepreneurs, while 15 per cent and 58 per cent, respectively, would be in medium and large-scale enterprises employing both citizens and non-citizens. Of the total committed funds, 15 per cent would be for the small-scale enterprises, while 10 per cent and 75 per cent, respectively, would be for the medium and large-scale enterprises.

502. In Ghana, up to 1993, a total number of 101 enterprises have benefitted under the line of credit component of the Project which is administered by the Bank of Ghana. An amount of US$24.7 million has been committed by way of loans to small and medium enterprises in the manufacturing sector.

503. The government of Tunisia, in its attempt to stimulate FDI, has promulgated a new simplified investment law, made the Tunisian Dinar convertible for purposes of foreign investment, and created a foreign exchange market. It has established 'Free points' (an intermediate stage to a free-trade zone), offering tax advantages to exporting companies. The "Agence de promotion de l'industrie" (API) has launched promotional campaigns to publicize the stable investment climate of Tunisia: a modern and improved infrastructure; political stability; a reasonably well-trained and adaptable work force; proximity to Europe; and, a free trade agreement in the making with the European Union (EU).

504. In Morocco, privatization and FDI are driving a boom on the Casablanca Stock Market. Foreign investment funds now account for more than 45 per cent of the activity on the stock exchange. A forecast in turn-over on the stock exchange in 1994 is estimated at MD 86,000 million as compared to MD 48,000 million in 1993. The country's massive privatization programme is the second major element in activity there. In the process of privatization, through 'Société nationale d'investissement' (SNI), the state has sold off its stakes, worth US$200 million, in the CTM-LN transport company and the Sofac Credit on the Casablanca stock exchange. The SNI itself, which holds shares in some 40 manufacturing and financial companies, is currently under-going privatization. In total, about 112 companies are to be privatized by the end of 1995,

bringing an estimated MD 35,000 million to the coffers of the government.

505. In spite of the observable trends towards a re-orientation in industrial development strategies and policies in many African countries, an effective and early realization of the target growth rate of 8 per cent per annum that was set in the second Industrial Development Decade for Africa (IDDA II) for the manufacturing sector is hardly in sight, given the entrenched structural rigidities, weak inter-industry and inter-sectoral linkages, technological backwardness and poor institutional and physical infrastructure in the region. The investment needs for rehabilitation, infrastructural development and capital deepening in Africa have never been greater. At the same time, the investment climate in the continent remains clouded by an increasingly volatile and fragile political environment, domestically, and the constraints of growing protectionism and inadequate development finance and external resource inflows. Reconciling these two divergent trends is the real challenge for industrialization in the Africa region in the 1990s and beyond.

IX. TRANSPORT AND COMMUNICATIONS

A. An Overview

506. Transport and communications constitute an important sector for the enhancement of economic growth and the socio-economic integration of the African region, particularly the promotion of intra- and extra-African trade. However, despite the efforts made in the past two decades to develop the transport and communications sector in Africa, it has remained inadequate and ineffective. The general lack of repairs and maintenance in infrastructure has led to further deterioration in the sector in recent years, and has, as well, increased the magnitude of the sector's operational problems and costs at large.

507. Between 1990 and 1994 transportation and communications services, as measured by value added to GDP, increased at an average annual rate of 3.5 per cent, faster than the GDP growth rate. As a result, the share of transport and communications in GDP rose slightly from 5.1 per cent in 1990 to 5.3 per cent in 1994. In spite of the limitations of data on passenger and freight traffic among the various modes of transport in Africa, a recent estimate by UN-ECA suggests that, in many countries, road transport accounted for more than 50 per cent of total freight traffic operations in the African region in 1992 (Table IX.1), although there was a negligible increase in the number of vehicles per 100 population between 1980 and 1990 (0.1 per cent). Road transport also accounts for the majority of Africa's passenger movements.

508. In Africa, road transport is for the most, however, not a substitute for other modes of transport; namely, railways, maritime and navigable inland waterways, rather it is complementary to them. The fragmentary nature of the railway system and the limitations imposed on the scope of inland water transport by geographical factors are such that the transport of people and goods by rail and inland waterways has to be supplemented usually by road transport over long distances.

Table IX.1
Current estimates of modal shares of freight traffic in selected African countries (Percentage of freight ton-km)

509. The African rail networks handle mostly long-haul, heavy and bulky exports with low unit values, such as minerals, foodstuffs, and petroleum imports; and are usually state-owned monopolies. Road transport, in contrast, represents a competitive service subsector, with myriads of operators, except for long haulage. The structure of the transport sector, and therefore the competitive role of the different modes of transport in enhancing economic

activities and development in the region is certainly affected by these characteristics.

510. Maritime transport is extremely important to African countries due to the nature of its operations, and the high proportion of traded goods transported by sea. However, the poor quality of port services and infrastructure in Africa, and the low level of trade volumes are some of the major limitations on the growth of this sub-sector. Less than two per cent of the African merchant fleet capacity are container ships; the majority being conventional cargo ships. The shipping lines that principally service long-distance sea routes consider most of Africa's coastal traffic as merely subsidiary to their traditional overseas activities.

511. The performance of African airlines is generally poor due to the lack of modern equipment and infrastructure, and the operational inadequacies of the service itself. Air transport network in Africa is mostly north-south oriented, and less than 50 per cent of the 5,304 potential air links among the 52 countries in the region are actually operational or being actively exploited at present. The airlines in Africa suffer from high operational costs compared with their counterparts world-wide, including other developing regions; they lack proper maintenance facilities locally and their tariffs are generally uncompetitive in the absence of subsidies.

512. However, despite the difficult environment of high operating costs and low capacity utilization, the various subsectors of transport have shown some remarkable resilience. And, as unit transport costs per km are reduced, the resultant annual savings to the region are bound to be tremendous, estimated in the case of road transport alone at about $12 billion.[73] As the need for faster and more efficient internal distribution of goods grows bigger during the 1990s, and as the expansion in containerization in domestic and external trade proceeds even faster, there is a greater likelihood of an even greater reliance on road transport in Africa.

513. The quality and the efficiency of the telecommunications services in Africa are also far from satisfactory. Almost 20 per cent of all local traffic, 64 per cent of national traffic and 40 per cent of international traffic handlings are, at the least, unsuccessful. The Pan-African Telecommunication Network (PANAFTEL) that was initiated in 1971 to provide terrestrial intra-country connections is about to be completed, but even then, there are still some key missing links in Central Africa and the Horn of Africa, and it would appear also that the high-capacity backbone of the network is being grossly under-utilized. It is expected that

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[73]UN-ECA, UNTACDA II, 1991-2000 Sectoral Strategies: Roads and Road Transport (Doc/UNTACDA/STRAT/91/04), p. 5.

the newly established RASCOM Organization will improve connections within the region and increase the effectiveness of the PANAFTEL.

B. Roads and Road Transport

514. An accurate assessment of the development of the road networks in African countries is made difficult by the lack of reliable statistical information, and the compelling necessity to employ, for analytical purposes, surrogate indicators such as aggregate road lengths, classified according to operating conditions, instead of such standard indices as ton-kilometre or passenger kilometre.

515. Lack of maintenance has left over 50 per cent of the paved roads and over 80 per cent of the unpaved main roads in Africa in poor to fair conditions. The case of rural feeder roads is even worse; up to 85 per cent are estimated to be currently in poor conditions. Some roads cannot even be fully utilized all the time since they are not all-weather, and are in imminent danger of being lost. Thus, at a time when there is a rapid increase in overall demand for road transport in the region as a result of rising incomes, increased car ownership and the growth in leisure activities and tourism, difficult policy choices lie ahead between preserving and maintaining the existing road infrastructure as it is, and the need to focus, on the other hand, on capacity expansion to relieve increasing congestion. And the choices are by no means rendered easier, as they will have to be made, taking into consideration not only budgetary constraints but also mounting domestic and international concerns over environmental degradation and road safety.

516. Road building has traditionally been given more priority than road maintenance in most African countries, with little scant attention to the imperatives of recurrent costs and road management once a road has been constructed. Besides, as the road networks expanded, the institutional and financial burden has tended to increase much more rapidly than the national budget could cater for, especially in times of socio-economic crisis. It is estimated that an amount of US$ 49.0 billion is needed over the next 10 years in order to rehabilitate 100 per cent of the paved roads, 70 of graded and 50 per cent of rural roads in Africa; in addition to the US$ 7.8 billion required for routine maintenance in order to bring them to a good standard.

517. National road networks in Africa have not kept pace with the growing demand: kilometre lengths are limited and their standards of construction often low. The existence of inadequate and poorly maintained rural and feeder roads connecting villages and farming areas with each other, and to market centres is a major gap in rural transport in most countries. And few cities have been able to keep pace with road network needs. As agriculture and industry expand, and as national and subregional economies develop, existing road networks will require tremendous extensions and improvements

in quality. In particular, road links between nations will have to be strengthened to meet large scale demand for intra- and inter-subregional goods traffic; all of this require heavy capital investment and expenditure on roads in many African countries.

518. The constructing of international road networks on a subregional basis in Africa has received much greater attention since the adoption, in 1978, of the United Nations Transport and Communications Decade for Africa (UNTACDA I), under which a programme for the construction of nine continental highways networks in all subregions of the continent is envisaged. However, a real regional African road system does not as yet exist; what exists, instead, is a large number of separate national road networks that are ineffectively coordinated, and are at best a series of ad hoc inter-country road links and connection, e.g., Botswana-Zimbabwe-Zambia-United Republic of Tanzania-Kenya-Uganda; Ethiopia-the Sudan-Egypt-the Libyan Arab Jamahiriya-Tunisia-Algeria-Morocco; Mauritania-Senegal-the Gambia; Burkina Faso-Ghana-Togo-Benin-Nigeria-Chad. In addition, road construction and maintenance standards have continued to vary greatly in Africa: few countries are able to construct and maintain trunk-road systems to stipulated requirements and standards according to volume and weight of traffic; but the road system in other countries is for the most poor, composed largely of tracks that are only useful under certain conditions, and main trunk roads that are subject to periodic interruptions as a result of floods and/or land-slides.

1. Road management policies

519. Poor road conditions are primarily responsible for the high operating costs of road transport in the African economies, estimated to be 2.5 to 3 times higher than those in other developing regions. But the later is due also to the lack of policy reforms for the rationalization of road network management and of the allocation of resources on the basis of inappropriate priorities, particularly in operational areas like planning, financing, budgeting, institutional reform, and human resource development.[74] In many African counties, efficient and economical investments in roads have been hampered by insufficient road maintenance and under-utilization of personnel and equipment, as well as reliance on public sector operations for road maintenance.

520. Some African countries, in their efforts to ensure more efficient allocation of scarce resources for road maintenance and development, have created a transport business environment in which

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[74] A recent report by Mason, M. and Thriscutt S.,"Road Deterioration in SSA", World Bank, 1989, shows a weak commitment on the part of many African governments towards road maintenance policy reforms.

the private sector involvement is also increasingly sought through management and maintenance contracts, and the supply of spare parts. Some others have opted for the financing of road networks through road taxes (e.g. fuel tax, taxes on vehicles and spare parts) and the collection of the road user fees and charges, supplemented by general taxes revenue and external funding assistance.

521. In Madagascar, Rwanda and Zambia, for example, domestic resource mobilization for road construction and maintenance has become the new agenda, through the creation of autonomous road authorities, where they did not exist, and the enactment of laws earmarking a percentage of fuel taxes for a road fund. Rwanda has assigned 13.6 per cent of fuel charges to its road fund, while Zambia has reserved the 3 US cents per litre of fuel for the same purpose. In some countries, not only have existing road agencies or authorities been given increased autonomy and made more accountable, but there also is an on-going dialogue regarding the feasibility of using local contractors and labour-intensive technology for some aspects of construction and maintenance. Some subregional communities, for example, the Southern African Development Community (SADC) have established construction associations and fora to deal with the issues of road infrastructure and road traffic, and road policy reforms in transport management.

2. Regulation of international road transport services

522. The performance of international road transport services in Africa has been adversely affected by the constraints of a heavy regulatory environment, lack of inter-modal services, inadequate interface, and problems related to border crossings and inspection, all of which result in delays, high overheads and losses. Cumbersome road inspection and customs procedures result in comparatively long transit periods. Some bilateral and subregional agreements have been made to standardize insurance, transit rules, documentation, technical specification of vehicles and vehicle inspection, and the following examples may be cited[75]:

(a) In West African subregion, such an agreement has included the establishment of the Economic Community of West African States (ECOWAS) Brown Card relating to vehicle third party liability insurance; the convention Transport Routier Inter-Etat (TRIE) which establishes the use of a carnet and guarantee bonds, and outlines clearly the re-export procedures; the convention relating to inter-state road transit of goods, which allows transit goods free of duties and taxes, and minimized restrictions; and, the

[75] ECA, Programme of the Second United Nations Transport and Communications Decade in Africa, 1991-2000: Subsectoral Strategies, Roads and Road Transport, (E/ECA/UNTACDA/STRAT/91/04), p.14.

harmonization of highway legislation.

(b) In The Eastern and Southern African subregion, there is a protocol for vehicle third party liability insurance; a protocol on transit trade and facilities which replaces PTA Carnet with a Road Customs Transit Declaration Document (RCTD); a protocol on the simplification and harmonization of trade documents and procedures; and, a protocol related to customs co-operation.

(c) In the North Africa subregion, there are bilateral conventions which regulate inter-country transport.

(d) In the Central African subregion, the "Union douanière et économique de l'Afrique centrale" (UDEAC) Treaty embraces several protocol agreements and conventions on trade and transport, including the Transport Simplifié clause.

523. Unfortunately, most of the above agreements have a limited coverage, and have only been partially ratified.[76] Where they have been ratified, agreed customs procedures have resulted in a reduction of the costs previously associated with delays, corruption and losses. It has therefore been demonstrated that improved facilitation of international road traffic is a key issue, specially for landlocked and transit countries. Efforts need to be continued in order to ensure further reduction of border impediments to free traffic of people and trade among African countries.

C. Railway Transport

524. Railways in Africa are fragmented, and can hardly be described as a system since the railways run from the interior to sea ports, a reflection of their origin as a transport system designed for external trade purposes. The aggregate network of African railways is estimated at 73,000 route kilometres, of which South Africa alone accounts for some 22,500 km. But, as can be seen from Table IX.2 which gives the length of the lines in use and the key operating statistics for selected African countries for the years 1980, 1985 and 1990, the railways generally have a low level of traffic; but some of them, mostly in North Africa, have a high level traffic. Most of the lines are of light rail, and are unsuited for fast and heavy traffic. Moreover, there is general deterioration due to maintenance problems.

Table IX.2
Railway traffic in selected African countries, 1980, 1985, and 1990

[76] See ECA, Facilitation of Inter-Country Road Traffic, Working Document for the Road Sub-Sector Working Group, Addis Ababa, July 1990.

525. The national railway networks in Africa are mostly independent of each other and, with the exception of Eastern and Southern African railways, unconnected among themselves. With the exception of the Tazara, the Trans-Gabonese, the Trans-Cameroonian and the mining lines, all the other networks were built at the end of the nineteenth century or the beginning of the twentieth century, with different technical characters, gauges, couplings, brake systems, buffers, etc. The 1.067 m gauge predominates, especially in sub-Saharan Africa, whereas the 1.435 m gauge accounts for 76.1 per cent of the total kilometrage in North Africa, and linking the different railway gauges has not been adequately addressed.

526. There has been no significant expansion in the railways lines in the African countries in the post-independence years, despite efforts at new constructions, such as the extension of the Trans-Gabonese system and the spur southward from Tanzania during the UNTACDA I. There is a general deterioration due to maintenance problems, but some progress has recently been made with rehabilitation and renewal of existing railways, training and manpower development, and the introduction of management contract plans are attempts to improve the operation efficiency of this vital mood.

527. Almost all the railways in Africa enjoyed monopoly or near-monopoly status at inception, especially for long- and medium-distance transport of goods and peoples. With the spectacular development of road transport - and to a lesser extent air transport - in the 1970s, railways have however faced increased competition in the transport market, to which they have not always been able to positively respond and adapt.

528. With regard to freight transport, the routing by block-trains and the specialized services of container transport (both of which help to enhance the service and reduce transport costs in order to face road competition) have been widely under-utilized. On the other hand, some loss-incurring public services operations, including certain parcel transport services and the servicing of lines and stations of low traffic density, were continued. With regard to passenger traffic, railways failed to effectively withstand the competition from road transport, which provide faster and more regular services at lower costs. Local passenger services (slow trains) provided as a public-service obligation usually operate at high losses.

BOX IX.1

The Revival of the East African Railways System

After independence in the early 1960s co-operation between Kenya, Uganda and the United Republic of Tanzania in the field of transport was one of the central pillars of the East Africa Community (EAC) founded by the three States.

The East African Railways and Harbours network used to operate 5,866 km of railways in the three countries, as well as 5,030 km of shipping services on Lake Victoria and 552 km on Lake Tanganyika. The network includes the railways and shipping lines on the Lake Albert route and the Lake Kyoga. Construction of a metre-gauge railway commenced in 1896. It linked the port of Dar es Salaam with Nairobi (since 1899), Kisumu on Lake Victoria (since 1901), Kampala (since 1931) and extends beyond to Kasese. The railway is paralleled by a bitumenized trunk road, and there is a rail-wagon ferry service between Kisumu and Jinja. Those routes comprise East Africa's "northern corridor". Mombasa is also joined to Tanzania Railway Corporation (TRC) and thus to the ports of Tanga and Dar es Salaam. The traffic on the rail network reached the figure of 2,871 million ton-km in 1964 or a mean density of 490,000 ton-km per km of track.

In 1977, because of the collapse of the EAC, the closing of some international borders and the destruction wrought in Uganda during the 1970s, the institutional base, the infrastructural investment and the operational efficiency of the entire region's transport system were heavily affected.

The meeting of Heads of State and Government of Kenya, the United Republic of Tanzania and Uganda, held at Arusha (United Republic of Tanzania) on 30 November 1993, aimed inter alia at reviving the EAC common services - including those related to railways and harbours, post and telegraphs - i.e., extending them into new areas that reflected economic and political realities of the world today. As a result the Nairobi-Kampala passenger train service resumed on 14 December 1993 after a break of 16 years. Currently, the service is once a week each way.[77]

529. Most railway authorities in Africa have not pursued sustainable tariff policies. Being public or semi-public enterprises, they were not always profit-oriented or cost-conscious in their operation. Whenever they make profits, they were required

[77] **Africa Research Bulletin**, Vol. 30, No.11, (Nov-Dec. 1993), pp. 11483-11484.

to pass them to the users in the form of reduced tariff rates. Basically, a single low tariff was applied to wide zones consisting of railways, waterways and roads, in order to increase the movement of goods and people in certain directions, usually between ports and inland. The tariff basis was the same throughout the network, varying only with distance.[78]

530. The policy of low tariff rates was perhaps justifiable up to the early 1970s, when many African countries were financially able to subsidize such services. The advent of economic recession and the implementation of SAPs from mid-1970s onwards made it difficult to persist with such a policy, and tariff rates generally went up to make up for revenue deficits. In addition, several lines were closed. Consequently, several railways experienced a decrease in freight and passenger traffic between 1990 and 1993. For a sound development of railways in Africa, the services must be afforded a greater scope for competition with other modes of transport. This would mean, in part, that railway administrations must be given greater autonomy in tariff policy and the day to day operations of the services.

D. Maritime Transport and Ports

531. Two major policy concerns in connection with maritime transport are: (a) the continuing need to increase the share of developing Africa in world shipping; and, (b) improving the quality of services provided by shippers. Africa's sea-borne trade reached 663.9 million tons in 1992 or 7.8 per cent of the world total; while cargo loaded and discharged in African ports in 1990 amounted to 470 million tons or 9.1 per cent of the world total. Therefore, while their tonnage increased, their world share have in fact declined (Table IX.3). What is more alarming is the fact that, the commercial fleet in 1992 was 7.7 million dwt, i.e. about 1 per cent of the world total, practically the same as in 1980. In 1991, the composition of African fleet was as follows: general cargo fleet, 32.57 per cent; oil tankers, 29.1 per cent; bulk carriers, 17.51 per cent; container ships, 0.15 per cent; and others, 20.69 per cent.[79] Likewise, most African ports have a comparatively low traffic density even in the largest ports like Lagos and Alexandria where adequate handling capacity is available. Traffic seldom exceeds 10 millions tons per annum in all ports combined. Cargo handling rates remained among the lowest in the world.

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[78]For example, a joint tariff policy was applied throughout the East African Railways and Harbours network, including not only the railways but also the shipping lines.

[79]See UNCTAD, Review of Maritime Transport, 1992 edition (New York, United Nations, 1992).

Table IX.3
Developing Africa's maritime traffic and its share of the world total, 1970, 1988, 1989 and 1990

2. Management and maintenance policies

532. There was a rapid expansion in ports in African countries during the 1980s: total berthing capacity for ocean going vessels increased fourfold, from 150 to 600 berths in the eighty largest ports in the region, and substantial investment took place in the construction of unitized and bulk terminals to meet the demands of the technological changes in shipping. However, the physical growth of seaports infrastructure has not been matched in most African countries by an improvement in operational performance. Poor management, inadequate maintenance, inefficient ports and unreliable utilities have resulted in the low output of African sea ports, high operating costs, and generally poor quality of services to users. The inefficiency relates to protracted delays in clearing imported goods from congested harbours and waiting ships, and in the delivery of exports to loading berths. Lack of maintenance, in particular, is eroding the ports infrastructural base in many countries, while public transport agencies have generally failed to encourage the development of a professional cadre of port managers and technicians.[80]

533. Due to poor port handling and inefficiency, some African countries have looked into the organizational structures of the ports in an endeavour to modernize and challenge them with performance targets and goals within a commercial environment. The belief in ports as public services is gradually being replaced with new approaches to port management and organizational structures, including joint public/private sector ownership, and commercially-oriented operations.

534. The total regional fleet of African airlines consists of about 600 aircrafts of various categories, including old and outdated versions with very high operating costs. Most of the airports are old and/ or too small, and lack the necessary air control equipment to handle modern aircrafts and increased traffic. The majority of the 163 regular and alternate aerodromes identified by the international Civil Aviation Organization (ICAO) for the development of air services in Africa need some rehabilitation and expansion.

E. Air Transport

[80] See World Bank, Accelerated Development in Sub-Saharan Africa: An Agenda for Action, p. 109, (Washington, D.C., 1981).

535. The 34 members of the African Airlines Association (AfrAA) carried 21.2 million passengers in 1992 compared to 18.5 million in 1987, an increase of 2.7 per cent per annum. Freight traffic, on the other hand, declined from 300,000 tons in 1987 to 220,000 tons in 1992, a decrease of 6 per cent. However, there was an increase of 23 per cent in the relatively small volume of freight carried on intra-African services.

536. Revenue from passenger-km of member airlines of AfrAA grew from US$31 billion in 1991 to US$34 billion in 1992, an increase of 10 per cent, while available seat-km grew by 12 per cent, from 50 billion in 1991 to 56 billion in 1992. The passenger load factor dropped accordingly, from 62 per cent in 1991 to 61 per cent in 1992, due to the increase in capacity under utilization. The African ministers for Civil Aviation, meeting at Yamoussoukro, Côte d'Ivoire indicated in the New African Air Transport Policy that, excess capacity can only be resolved through cooperation and integration[81].

Table IX.4
Air traffic at selected principal airports, 1991 and 1992

1. African airlines Management policy and prospects for development

537. The viability of African aeronautical activities will depend largely on appropriate economic measures in order to reduce operating costs and fleets. Within the framework of SAPs, many African Governments are taking measures to minimize their interference in the day-to-day activities of the authority managing aeronautical infrastructure and airlines, especially in concluding trade agreements. The role of Government in some countries has been confined to assisting airlines in identifying and introducing "gateway airports" in African capital cities, and in locating major airports for operations. This would mean that the airline enterprises now have more autonomy and could operate as profit-oriented enterprises rather than as a social service.

538. In turn, the management of several airlines have embarked on restructuring the industry so as to make it a more reliable enterprise. One of the policy instruments used was to reduce staff, from 83,971 in 1990 to about 81,000 in 1992. To increase the efficiency and productivity of airlines, several African

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[81] ECA, Programme of the Second United Nations Transport and Communications Decade in Africa 1991-2000, subsectoral strategies: Air Transport (E/ECA/UNTACDA/90/08), Annex VI: Declaration of Yamoussoukro on a New African Air Transport Policy, pp. 2-4.

Governments have realized the need to acquire qualified and skilled personnel through training and retraining in all disciplines of civil aviation. Hence, many training institutions had been established, among which are the following: Nigeria College of Aviation Technology (NCAT), Ecole Africaine pour la Météorologie et l'Aviation Civile (EAMAC) in Niamey, Ethiopian Airlines School, Aviation Training Schools of Morocco and Tunisia, Regional Aviation Training School of Kenya, ZAST in Zambia, Ecole Régionale pour la Navigation Aérienne et la Météorologie (ERNAM) (Regional School for Air Navigation and Meteorology) in Senegal and National Civil Aviation Training Organization of Egypt (NCATO). However, these training centres are faced with serious financial problems, such as renewal and modernization of equipment and financing the grant of fellowships to students. The Mvengué school for francophone countries established by the Government of Gabon through a UNDP project, was forced to close down after two years of operation, due to the lack of financial support from the very countries which had called for its establishment.

539. Following independence, the African countries established many parastatal bodies to develop the air transport industry; like airlines, civil aviation and airport authorities. However, most of them suffer from the ambiguity of objectives, inadequate legal framework and limited financial resources and expertise. In order to solve these problems and improve efficiency, some Governments adopted measures such as privatization, the grant of financial autonomy and non-interference in the management of these agencies. Other Governments would argue that, most important is not to privatize the airlines or the airport authorities, but to manage them as private organizations under special management contracts between the Government and private enterprises.

2. Concerted policy for air transport development

540. With the growth of mega-airlines in many regions of the world, the African airlines, being mostly small and poorly equipped, are unable to compete in the international market. And the only hope for survival for most of them lies in mergers with bigger and more competitive carriers. Of all African airline, only Air Afrique is a regional airline, jointly owned by ten countries. Thus, in the Yamoussoukro Declaration[82] African Governments had recommended that African airlines should be integrated within a period of eight years (i.e. by 1996). The Declaration urged African governments and airlines: a) to identify and put into operation an organizational framework for airlines wishing to cooperate; (b) to search for a compromise to facilitate group formation and mergers and use gateway airports for international services; (c) to prepare a legal text which will govern air service operations in the newly created groupings and take care of the needs of service users; and (d) to

[82] Op. cit..

establish subregional civil aviation and air space management organizations.

541. To oversee the implementation of the Declaration with regard to cooperation among African airlines and civil aviation authorities, some specialized departments and institutions have been set up within governments in Africa.

542. Since 1988 when the Yamoussoukro Declaration was adopted , the African countries have moved progressively to consolidate cooperation and coordination of air transport activities. They have taken steps to grant the necessary autonomy to African airlines and airport authorities; thus revitalizing their operations and management, and additionally enlarging their capital base through private sector participation.

F. Telecommunications Issues

543. The telecommunication industry has made limited progress in Africa as a whole despite concerted efforts and programmes within UNTACDA I and II. The total number of direct exchange lines (DEL) estimated at 4.8 million in 1983 and representing an average density of 0.91 per 100 population, has increased to 10 million in 1992 (1.52 per 100 population). Growth was relatively more significant in the North Africa subregion and in South Africa than in the other subregions, as shown in Table IX.5.

Table IX.5
Telephone density in Africa, 1983 and 1992

Table IX.6
African international telephone traffic, 1992

544. The distribution of telecommunication services is biased in most African countries in favour of the urban areas, which account for over 80 per cent of the services, while the rural areas, where over 80 per cent of the population live, enjoy 20 per cent of the service[83].

545. In the absence of local manufactures, African countries are dependent on industries outside the region for the purchase of telecommunication equipment and spare parts. Such imports are generally made on a non-selective basis of "ready-made" packages with little room for adaptation to local needs through local enterprise and know-how. Consequently, telecommunication in Africa do not have the usual multiplier effects (via research and

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[83] ITU, African Telecommunication Indicators (Geneva, 1993).

development, local manufacturing, services and employment) as it does in other regions of the world.

546. As a result of the rapid technological advance in telecommunications, African countries are striving to modernize their systems - albeit at great cost - in order to remain plugged into the global network. Many telecommunication authorities in Africa are installing digital technologies and costly equipment in order to become competitive, but the region remains behind the rest of the world in informatics and information technology, accounting for less than 1 per cent of global spending in the subsector.

547. There are substantial differences among the African subregions in electronic networking, with three countries currently in the forefront; namely Egypt, Tunisia and South Africa. The *Réseau informatique d'ORSTOM* (RIO) project of the State's scientific research organization (ORSTOM) in France has now connected much of francophone West Africa.

548. A regional commercial venture, known as the RASCOM project, with an initial share capital of over US$2 million subscribed by 26 African telecommunications' authorities, finally came into being in 1993. Situated in Abidjan, Côte d'Ivoire, it started operations by pooling existing transponders of member States telecommunications authorities, and assessing the possibility of launching a dedicated African satellite in the future.

549. In the area of mass communication, significant progress has been made in radio and television broadcasting. While the 1990-1993 average level of 177 radio receivers per 1,000 population in Africa is the lowest among the world regions, the UNTACDA II target for the year 2000 is 200 radio receivers per 1,000 population. In terms of area coverage, the median was 60 per cent; and, in terms of population it was 25 per cent. The average ownership of television in Africa was 36 sets/1,000, compared to the world average of 155 sets/1,000, and television coverage is still under 5 per cent in terms of both area and population. The present postal network in Africa consists of 32,000 permanent post offices, giving a density of 1 per 20,000 population - still a long way from the standard of 1 per 6,000 set by the Universal Postal
550Union (UPU). The introduction of express mail services in many of the countries in the region since the late 1980s have helped partially in arresting some of the decline in postal traffic, which early in the decade had averaged 2 per cent per annum.

551. The telecommunication sector in Africa faces a challenging future, with the number of internal and international constraints confronting the telecommunication administration and authorities, and the demand for value-added services by increasingly sophisticated consumers. Current policies as well as the institutional and regulatory frameworks, and the management

practices in the subsector, have all come into question, and the call is for drastic changes in the operations of the telecommunication services and the viability of those services.

G. Mid-term Prospects and the Way Forward

552. In targeting the future for the rapid development of transport, the following are some of the issues to be considered in so far as African countries are concerned: (a) the harmonization of national road development plans between neighbouring countries, so that roads and their maintenance become part and parcel of a larger network within each subregion; (b) the coordination of road plans with industrial and agricultural sector plans; (c) the coordination of road transport planning with those of other transport modes, so as to avoid waste; and, (d) the construction and maintenance of efficient rural road systems at the national level.

553. The results achieved in improving railways and rail transport in the Africa region have not been satisfactory so far. Therefore, in order to ensure greater complementarity between the railways and other modes of transport, more efforts need to be made to plan and implement a broader network of railway extensions and interconnections. Given the role of maritime transport in regional and subregional integration, industry, agriculture, and mining, it is necessary to develop an effective and efficient shipping network anchored on African fleets.

554. The existing efforts of African Governments in the field of air transport should be continued and strengthened. Of special importance are efforts related to investments in infrastructure, ground equipment and training of personnel.This is necessary to enable air transport play a more vital role in intra-African and intercontinental links, since it is one of the modes of transport most indispensable to all economic activities.

555. Many African countries are already committed to reforms in the field of telecommunications, including promotion of private sector participation. Some of the major reforms being carried out include: creation of regulatory environment to accommodate private companies, together with well-defined tariff regimes; privatization of state-owned telecommunication operations; and, licensing independent telephone companies to provide basic telephone services. For example, the first private telecommunication network in Uganda, - Clovergem Celtel Limited - has developed the first phase of a national cellular network. This network, which has the capacity to accommodate more than 15,000 subscribers, will cover Entebbe, Kampala and Tororo, in addition to corridors between those cities.

556. In order to improve the quality and reliability of information

on the transport sector and thereby enhance the data base for decision making and investment within the transport industry, there is need to accelerate the implementation of the project for establishing the African transport data base within the framework of UNTACDA II. The project has already provided guidance and support to six pilot government schemes, and assisted three NGOs in the design and implementation of efficient and compatible data systems, but more needs to be done for the reform process to gather momentum. In addition, there is need for more training, research and development to be carried out within the region, aimed at identifying and resolving problematic areas with respect to specific modes of transport. It is particularly desirable that technical training be stepped up for the maintenance and upkeep of transport and communications networks in the region in order to protect the increasing investment outlays in the sector.

557. In order to ensure that some of the transport and communications equipment needed in Africa are manufactured locally, it is necessary to ensure that the programmes of UNTACDA II and of IDDA II are fully integrated, and that they complement each other at the national, subregional, and regional levels. In the implementation of the protocols of subregional institutions such as ECOWAS, ECCAS, COMESA, SADC, and the Maghreb Arab Union, attention should be given to the integration aspects of the various modes of transport to meet the needs of various subregional markets.

PART THREE

TRADE, DEBT, RESOURCE FLOWS AND ECONOMIC INTEGRATION

X. EXTERNAL TRADE AND PAYMENTS

A. Introduction

558. This section of the Survey looks at recent changes in Africa's external trade against the background of the trends in world trade and finance, and other major changes taking place in the world economy described in Chapter II. It draws attention to the main challenges that the continent is yet to tackle in the field of trade, and the new challenges that are now emerging, and considers the implications of these developments for future trade.

B. Trends in the Trade of the African Region

1. A mixed picture

559. The indicators of Africa's merchandise trade were mixed in 1994. On the one hand, trade performance in 1994 followed the global trend, benefiting from the higher demand and increases in the prices of primary commodities. On the other hand, Africa's share of world merchandise trade in 1994, at 2.3 per cent, remained lower than the 2.5 per cent attained in 1993, and still lower than the 2.7 per cent attained in 1992. Summary statistics on trade for the region are shown in Table X.1.

Table X.1
General Indicators of the Merchandise Trade of African Countries, 1990-1994 (annual percentage change), Base: 1990 = 100, US Dollars

560. Export commodity prices of interest to Africa rose at a faster rate in 1994 than in 1993 (Table X.2), and so did import costs. Food prices rose by a little over 5 per cent in 1994, and the prices of manufactured goods by 3.1 per cent. Prices of beverages, in particular, rose spectacularly on the export market. The Coffee Price Index, which had been on a continuous downward trend since the suspension of the International Coffee

Fig. X.1
Commodity Export Price Index, 1980-1994

Table X.2
Wholesale Price Indices for Selected Commodities
1990-1994, Base (1990=100)

Agreement in July 1989, rose by 123.9 per cent in 1994, as a result of the influence of the stock retention programme and production declines. Cocoa prices have also been on the increase, rising sharply by 25.7 per cent in 1994, following a 1.0 per cent rise in 1993 and a 7.9 per cent decline in 1992. Increased speculative activities, encouraged by the view that cocoa prices are below historical trends, and by the excess of supply over demand, have fuelled the rise in prices. The Tea Price Index showed a 1.3 per cent decline in 1994, following a 7.0 per cent and 8.4 per cent price declines in 1993 and 1992 respectively.

Fig. X.2
Beverage Prices: Coffee, Cocoa and Tea
Indices of Prices, 1980-94

561. The prices of agricultural raw materials rose by 9.6 per cent in 1994, following a 0.6 per cent increase in 1993 and a 2.6 per cent price rise in 1992. The price index for rubber increased by 35.5 per cent in 1994, due to anticipated future tightness in the spot market and shortages in certain grades. Cotton prices rose by 37.4 per cent in 1994, following a 0.1 per cent price increase in 1993, and a 24.7 per cent decrease in 1992. With unfavourable weather conditions and pest damages, low productivity, reduced planting, stock decreases and high wastage, cotton prices increased in 1994. Timber prices remained unchanged in 1994, after a 3 per cent rise in 1993 and a 12.8 per cent rise in 1992, reflecting a slow but an increasing demand of the construction industry.

562. Metal and mineral prices increased by 12 per cent in 1994, after falling by 15.9 per cent in 1993 and decreasing by 2.7 per cent in 1992. Prices of copper, aluminium, nickel, lead and cobalt have sharply increased by 20.3, 18.6, 19.2 and 38.8 per cent, respectively. However, prices of phosphate remained unchanged following a 21.0 per cent price decrease in 1993, on account of weak demand caused by the removal of EU agricultural subsidies, while manganese prices have been on the decline, falling by 28.6 per cent in 1994 after a 20.3 per cent price decrease in 1993 owing to a supply glut. Iron ore prices fell also in 1994, by 29.5 per cent.

563. While the international market prices of many primary commodities rose sharply in 1994, the price of crude petroleum declined. Oil prices, which had been low for most of 1993, reflecting slack demand, stock build-up, and an anticipated resumption of supply by the Gulf countries, declined on average by 7.2 per cent in 1994. According to WTO, the price of petroleum, deflated by an index of the average world export price of manufactures, was in 1994 at its lowest level since 1973, and one third of the 1981-82 peak.

Fig. X.3
UK Brent Oil Weekly Prices (Jan. 1994 - Feb. 1995)

564. According to preliminary ECA estimates, the value of exports of oil increased from US $90.9 million in 1993 to US$94.8 billion in 1994, an increase of 4.2 per cent. This was due to an increase of 4.1 per cent in the unit value of exports and a 0.1 per cent increase in volume.

565. Oil exporting African countries accounted for total exports of US$45.9 billion or 44.7 per cent of overall regional exports in 1994, compared to US$41.9 billion or 42.5 per cent in 1993, and US$ 50.2 billion or 51.3 per cent in 1992. For the major oil exporters, export revenues increased by 5.7 per cent in 1994, while oil prices dropped to a level of US$15.82 a barrel in 1994, from a level of US$ 17.05 a barrel in 1993. On the other hand, there was a 16.5 per cent fall in export revenues in 1993, when oil prices fell by 11.9 per cent.

566. Individual country performance with regard to oil export revenues varied as usual among the major African exporters: the largest increase in oil export revenue in 1994 was recorded by Cameroon (63.6 per cent), followed by Tunisia (21.1 per cent), while the sharpest drop was registered in Libya (5.2 per cent). No change has taken place in the oil export revenues of Congo and Angola (Table X.3).

Table X.3
Exports of oil-exporting African countries: 1990-94
(Billion US$)

567. Merchandise imports increased by nearly 6.5 per cent in value and 2.9 per cent in volume. Higher foreign exchange earnings had made possible an increase in the volume of imports. This reversed the previous trend of having to reduce imports so as to conserve foreign exchange for debt servicing and imports of necessities. In addition to larger import volumes, the unit price increased by 3.5 per cent, thus raising the value of imports.

2. Some improvements in the terms of trade

568. With the steady marginalization of Africa in the world trade and its relatively low and declining market share, it should be realized that Africa's economic and trade performance depends much more on the movements in the prices of its limited commodity exports.

569. The ECA Commodity Export Price Index shows that, there was only a small gain in the region's average commodity prices at 3.2 per cent in 1994, compared to a large loss of 10.3 per cent in

1993. If fuel is excluded, the average price rise was 29.4 per cent in 1994, compared to an average decline of 5.8 per cent in 1993.[84]

570. On the other hand, the ECA overall Import Price Index shows a rise of 3.5 per cent in 1994 compared with a decline of 2.8 per cent in 1993. The increase in the value of imports in 1994 was a reflection of a moderate up-ward movement in the price of manufactures (3.1 per cent), which usually weigh much in African total imports. Increasingly, food import prices, another important element in the total imports of the region, increased by 5.2 per cent in 1994, after falling by 1.1 per cent in 1993.

Table X.4
Wholesale and Aggregate Trade Price Indices
1990-1994, Base (1990=100), US Dollars

571. Although both export and import prices increased, the former increased more than the latter, and the terms of trade price index (base year, 1990=100) improved by 0.5 per cent in 1994, as compared to a fall of 5.0 per cent in 1993. The purchasing power of exports increased by 2.6 per cent in 1994, after falling by 4.8 per cent in 1993. Taking 1990 as the base year of the export and import price indices, the terms of trade losses in 1994 would amount to 16.8 per cent of real exports. Similarly, the first round income effects would amount to a 4.1 per cent decrease in real GDP in 1994.

Fig. X.4
Export, Import and Terms of Trade

[84]It should be noted that fuel has a weight of 71.5% in the ECA Export Price Index, excluding manufactures, and not including South Africa, using 1990 values and prices based on the United Nations Monthly Bulletin of Statistics. Food has a weight of 5.8%, tropical beverages 8.7%, agricultural raw materials 6.7%, and mineral ores and metals 7.3%. In the case of the Import Price Index for Africa, 1990, fuel had a weight of 32.3%, food 4.7%, beverages 2.9%, agricultural raw materials 11.8%, minerals and metals 6.1%. In the overall Unit Value of Export Index, manufactures have a weight of 15.8% and fuel and other commodities have a weight of 84.2%. In the overall Unit Value of Imports Index, manufactures have a weight of 70.7%, and fuel and other commodities have 29.3%.

572. ECA Secretariat estimates Africa's terms of trade losses (assuming barter terms of trade and taking 1990 as the base) at 18.6 per cent of real exports in 1994, lower than the 19.1 per cent recorded in 1993. Reflecting first round income effects, real GDP adjusted for terms of trade losses for Africa showed a decrease of 4.4 per cent in 1994, compared to 4.6 per cent in 1993. According to a rough calculation, the terms of trade of oil exporters declined by 9 per cent in 1994, while those of non-oil exporters improved by 16.9 per cent.

3. Relatively static commodity structure

573. Table X.5 summarizes developments in the commodity structure of African trade between 1970 and 1993. The table shows a striking lack of structural transformation in the African economies over the past two and a half decades. The commodity composition of the region's trade continued to be dominated by exports of primary commodities and imports of manufactured goods. In 1993, 86 per cent of Africa's foreign exchange earnings were derived from primary commodities, while imports of manufactured goods accounted for 73 per cent of the value of imports. Mineral fuels and related materials continued to dominate the region's total exports, followed by beverages and tobacco. The doubling of the share of petroleum in the export value of the region after 1970 is an indication of changes in the price of petroleum relative to other major commodities. The price of oil first doubled in the early 1970s and thereafter quadrupled by 1979/80, while prices of beverages and tobacco have generally been on the decline except for 1976/77. The increase in the price of oil was generally accompanied by an increase in import volume. During the 1980s, the price of oil was on the decline albeit at a slower rate compared to other primary commodities. Petroleum exports accounted for nearly 60 per cent of the total foreign exchange earnings of developing Africa in 1994.

574. Food and beverages, which accounted for 9.9 per cent of total exports in 1980, increased to 19.4 per cent in 1993. The FAO Food Outlook indicates a 33.3 per cent decrease in total cereal exports in 1992-93, estimated at 1.5 million tons. Fats and crude materials accounted for 7.3 per cent of exports in 1980 and 9.1 per cent in 1993. During the same period, the share of mineral fuels declined from 75.6 per cent to 57.3 per cent, chemicals rose from 0.8 per cent to 4.1 per cent, machineries and transport equipment increased from 0.4 per cent to 2.5 per cent, while the share of other manufactures increased from 6 per cent to 7.6 per cent. If Africa were to improve its competitive position and, reduce tariff escalation under the Uruguay Round Agreement, a gradual change may be brought about in the commodity composition of African exports in favour of processed goods and manufactures.

575. Manufactured goods account for more than 70 per cent of the region's imports. At the same time, capital goods imports in the

form of machinery and equipment constitute a larger proportion of the region's total imports. Encouraging as the higher share of capital goods imports may be, it nevertheless reflects two basic weaknesses in the structure of the region's economies. The first is the continued heavy dependence on the import of capital goods, signalling that a major technological transformation is yet to take place in the region's economies. The second is the failure of the manufacturing sector - despite heavy investment - to make a significant dent in the import of consumer goods.

576. An analysis of the import commodity structure indicates that food and beverages imports, which stood at 14.3 per cent of the total in 1980, dropped to 12.6 per cent in 1993. However, the FAO Food Outlook indicates a 25.6 per cent increase in Africa's food imports in 1992-93 over the previous period, when imports stood at 30.4 million tons. Over the same period, food imports by sub-Saharan Africa increased by 48.9 per cent, with Kenya increasing its imports of food by 80 per cent. In the Sudan, food imports decreased by 71.4 per cent, while imports of food by North Africa increased by 6.9 per cent, with Morocco more than doubling its imports of cereals (105 per cent). Fats and crude materials accounted for 5.9 and 6.1 per cent of the total of the region's imports in 1980 and 1993 respectively. The share of mineral fuels imports stood at 8.9 per cent in 1993 compared with 9.3 per cent in 1980; chemicals at 9.4 per cent in 1993 compared with 8.3 per cent in 1980, machinery and transport equipment, 39.3 per cent in 1993 compared with 37.5 per cent in 1980, while that of other manufactures was 23.7 per cent in 1993 and 24.7 per cent in 1980 of total exports.

Table X.5
Developing African Countries Trade by Commodity Class
1970, 1980, 1990 and 1993
(percentage)

4. Diversification progress inadequate and limited

577. The relatively static nature of the commodity structure of exports since independence attests to the absence of substantive economic transformation over the last three decades. In 35 of the 53 African countries, non-oil primary commodities account for more than 50 per cent of annual foreign exchange earnings. In 9 countries, non-oil primary commodities account for more than 90 per cent of annual exports while in another 18, it is no less than 70 per cent. This contrasts sharply with developments in south east Asia where the share of primary commodities fell from 63 per cent to 36 per cent of total exports earnings between 1965 and 1987.

578. Aware of the dangers of relying on a limited number of primary commodities, African governments have made some attempts at diversification. These diversification efforts have taken two forms: vertical and horizontal. The horizontal diversification aims

at increasing the number of exportable primary commodities, while the vertical option envisages domestic processing of exportable commodities and the export of processed and manufactured goods. In the sixties and seventies vertical diversification was a distinct objective of the import-substitution strategy. On the whole, in most countries, the strategy has mostly failed to achieve its objectives, even though the nascent industries enjoyed a good deal of protection and government patronage. The reasons for this failure were both internal and external. On the domestic front, vertical diversification required financial capacity, technical know-how and managerial skills, resources with which many African countries were poorly endowed. To the extent that these domestic constraints were surmounted, there were still more obstacles to be overcome in the external markets.

579. The first of these is the marketing problem. In a world dominated by oligopolistic market structures in which multinational corporations and brand names dominate, breaking into developed country markets posed extremely difficult problems for developing Africa that were not easy to surmount. But the more pervasive constraint to the export of processed and manufactured goods was the implacable protectionism of industrial countries through tariff and, in particular, non-tariff barriers. Over the years, the tariffs imposed on primary commodities have been substantially reduced. At the beginning of the Uruguay Round negotiations in 1987, trade- weighted tariffs were 6 per cent in the EU, 4.3 per cent in the U.S.A. and 2.9 per cent in Japan [85]. With processed and manufactured goods however, non-tariff barriers remained in place.

580. While tariff escalation based on the degree of processing was a major obstacle for African exporters of processed goods and manufactured products, the more serious obstacles were of a non-tariff nature. These multifaceted barriers, usually considered as resulting from domestic policies, have been excluded from the various multilateral trade negotiations, despite their considerable impact on trade.

581. The SAPs adopted by almost all African countries have not been very helpful to the diversification drive as yet. Devaluation has had a mixed impact. While, on the one hand, it has made exports more competitive, it has, on the other, depressed import-dependent commodity production by increasing the cost of imported inputs. Furthermore, credit restrictions and fiscal retrenchment have all increased the cost of domestic production while trade liberalization has exposed domestic industries prematurely to competition from cheaper imports.

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[85] Tussie, Diana, "The Policy Harmonization Debate: What Can Developing Countries Gain from Multilateral Trade Negotiations?" UNCTAD Review, 1994.

582. These obstacles notwithstanding, African countries have been making some attempts to diversify their economies and to decrease their reliance on primary export commodities. Thus, the number of export commodities has increased substantially in almost all the African countries, over the last two decades, although the weight in total exports earnings is still low. (Table X.6)

Table X.6

583. How significant is the experience of diversification in developing Africa, and how useful is it as a guide to future policy? Three observations are pertinent. In some of the oil-exporting countries, notably Gabon and Nigeria, the diversification and concentration indices have increased in tandem and so is the number of export commodities. Reliance on one or two export commodities (mainly oil) has increased, while non-oil export commodities, though growing in variety, remain insignificant.

584. Some of the non-oil developing countries have reduced their dependence on their major export commodity by successfully introducing new and non-traditional exports. Morocco and Tunisia in North Africa; Ghana, Senegal and Côte d'Ivoire in West Africa; and, Kenya, Tanzania and Zimbabwe in East and Southern Africa[86], are some good examples,where the main export commodity now provides less than a third of foreign exchange earnings.

585. However, the most spectacular diversification achievement in developing Africa has been made by Mauritius where the number of export commodities increased from only 9 in 1970 to more than 100 in 1990, and the concentration index fell from 93 per cent to 34 per cent. While sugar, the leading export commodity, accounted for 93 per cent of exports in 1970, textiles and apparel, which had become the leading exports, accounted for 34 per cent of exports in 1990. The success of the Mauritian drive in the diversification process owes much to the export processing zone (EPZ) strategy,

[86] For an analysis of the development of horticultural exports countries of East and Southern Africa, such as Ethiopia, Kenya, Malawi, the United Republic of Tanzania and Zimbabwe as a visible effort of diversification into traditional products, see UNCTAD: Commodity Export Policies and Strategies in African Countries, in a Process of Structural Adjustment: Cotton, Tea and Horticultural Products, Document No. UNCTAD/COM/47, November, 1994.

adopted in 1970[87].

586. The EPZ in Mauritius was estimated to have generated 33 per cent of salaried employment, accounted for 88 per cent of manufactured employment, contributed close to 60 per cent of gross domestic exports, and 15 per cent of GDP by 1988.[88] What makes the experience of Mauritius unique is the extraordinary achievements. At the start of the EPZ in 1970, Mauritius had a reasonably literate labour force, a dynamic business community, a well developed infrastructure, and political and social stability. Such structural prerequisites for a dynamic economy were reinforced by a conducive macro-economic environment and effective incentive scheme.

587. Another successful diversification story is in Botswana, where revenues from diamond and cattle, (beef exports), were largely utilized to diversify the economic base, making the country an important exporter of textiles, among other commodities, to markets in southern Africa.

588. The capacity of EPZ to transform the economy, diversify the production base and increase the number of export commodities has become apparent to other African countries. No less than 17 countries from southern to north Africa are emulating the Mauritian experience. Nigeria's EPZ in Calabar became operational in early 1994, while in Zimbabwe, Botswana and Uganda, preparations are underway. However, the one significant lesson from the Mauritian experience is that, while the EPZ programmes can provide possible solutions to the problems of economic diversification, it does not by itself guarantee success. Other policy measures are always needed to create a favourable environment for the diversification process.

5. Declining shares in world trade

589. Africa's share in world trade has declined steadily since 1980. Between 1980 and 1993, when world trade doubled in value, African trade remained at, more or less, the same level in absolute terms. Africa is not only failing to partake in increased world trade, it has been steadily loosing ground to others. In 1980, Africa's share in world trade and in the trade of developing countries was 4.9 per cent and 14.2 per cent, respectively. Since then the share of the continent in global trade has fallen to just over 2 per cent.

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[87] Hein, Philippe, "Structural Transformation in an Island Economy: The Mauritius Export Processing Zone (1971 to 88)", UNCTAD Review, Vol. 1, No. 2, 1989 .

[88] Ibid.

590. In the early 1970s, Africa supplied 83.1 per cent of cocoa, 27.6 per cent of coffee, 26.4 per cent of copper, 16.1 per cent of cotton, 12.7 per cent of iron ore and 6 per cent of timber in the world market. Two decades later, the shares of many products have declined precipitously: 60.7 per cent for cocoa, 16.1 per cent for coffee, 13.6 per cent for copper, 11.5 per cent for cotton, 5.6 per cent for iron ore and 3.1 per cent for timber (see Table X.7). In part, this decline is attributable to competition from new producers in Latin America and South Asia, and to the declining demand on account of technological evolution and changing consumer tastes.

591. The loss of market shares has important policy implications for the African countries. First, it points clearly to the need to devote more efforts to the production of the main export crops, while pursuing the policy of diversification. Efforts should not be limited to increasing production levels, but should at the same time promote the marketing of primary commodities and processed products. Participation in international trade fairs, and strengthening of the commercial offices in embassies would certainly contribute to the expansion of exports, while improvements in quality control should enhance consumer's loyalty. Efforts to increase market shares outside the Africa region should be supplemented by export promotion in the regional market as well.

Table X.7

6. Little changes in direction of Africa's trade

592. Africa's dependence on the developed countries as predominant suppliers of imports and the markets for the region's exports is an established fact. Developed countries supplied 70 per cent of imports and purchased 80 per cent of the exports in 1993. For historical reasons, EU continues to dominate both imports and exports. In 1993, EU countries accounted for 73 per cent of the region's exports and provided 57 per cent of imports.

593. Despite the dominance of the developed countries in the imports and exports of the region, efforts to shift to the developing countries, in particular the dynamically-industrializing ones, is beginning to emerge. Although these countries have not increased their purchase of African exports substantially, they are nonetheless beginning to account for an increasing share of imports.

Table X.8

594. The value of African exports to developed countries decreased sharply from US$78.7 billion to US$57.3 billion, but, in terms of percentage, it changed only slightly from 82.9 per cent in 1980 to

82 per cent in 1993. The exports of the EU decreased from US$43.9 billion or 46.2 per cent in 1980 to US$40.7 billion or 58.2 per cent in 1993. The value of Africa's exports to USA declined sharply from US$29.7 billion (31.3 per cent) in 1980 to US$12.5 billion (17.9 per cent) in 1993. Exports to Japan decreased from US$20 billion in 1980 to US$17.6 billion in 1993, but showed little changes in percentage terms over the period. The value of African exports to developing countries declined from US$13 billion to US$10.4 billion, while to Eastern Europe fell sharply from US$2.5 billion to US$1 billion.

Fig. X.5 (a & b)

595. The share of developed countries in Africa's imports decreased from US$65 billion or 77 per cent in 1980 to US$59.8 billion or 73.7 per cent in 1993. The share of the EU declined from US$45.7 billion or 54.2 per cent to US$41.3 billion or 50.8 per cent, while that of USA increased from US$6.4 billion or 7.5 percent to US$7 billion or 8.6 per cent, and that of Japan decreased from US$6 billion or 7.1 per cent to US$4.9 billion or 6 per cent. The share of developing countries in Africa's imports increased from US$15 billion or 17.8 per cent to US$20.2 billion or 24.9 per cent. Exports from Eastern Europe to Africa declined sharply from US$4.4 billion or 5.2 per cent to US$1.1 billion or 1.4 per cent.

Fig. X.6 (a & b)

C. Balance of Payments

1. Main features of balance of trade

596. The main features of Africa's balance of trade and services have remained unchanged for years: a balance of trade that swings into surplus or deficit along with the movements of export prices and the pressure on imports; a service account that is consistently in deficit; and, substantial deficits in income payments, reflecting the high cost of capital and profits on foreign investment.

597. Africa's merchandise exports stood at an estimated US$89.6 billion in 1994, an increase of US$1.7 billion dollars or 1.9 per cent compared with 1993. Imports increased by 4.6 per cent to US$97.8 billion in 1994, compared with 3.1 per cent decline in 1993. This shows a balance of trade deficit of US$8.2 billion in 1994, following deficits of US$5.6 billion and US$2.4 billion in 1993 and 1992 respectively.

598. The net balance of the services account for Africa is estimated at US$6.9 billion in 1994, and US$6.2 billion in 1993, reflecting increasing payments for insurance, freight and other non-factor services payable to non-African suppliers. Net factor income, which has been consistently negative, amounted to US$15.5 billion in 1994. Official transfers stood at US$10 billion in 1994 slightly up from US$9.7 in 1993. Private transfers stood at US$10.1 billion in 1994, following the US$9.5 billion in 1993. The balance on current account recorded a deficit of US$10.5 billion in 1994 compared to a deficit of US$7.8 billion in 1993.

599. The most promising component to turn around the prevailing negative service balance is "travel and other transportation". This item, mainly constituting earnings from tourism, has not only made positive contributions to the service balance, but has also been on the rise. There was an increase in travel receipts as a share of "income from services" from 25 per cent in 1985 to 33 per cent in 1992. Consequently, over the same period, the net contribution of this sub-sector increased considerably, from 12 per cent (US$85 million) to 18 per cent (US$2.6 billion) in the balance on the service account (see Table X.9).

600. Shipment costs are much in excess of payments. This reflects the dominance of developed countries in the areas of shipping and insurance, as well as the effect of increased imports, rising freight rates, and discriminating rates charged to offset the cost of idle time that ships are forced to spend at the ports of developing countries because of poor ports' facilities. About 95 per cent of Africa's foreign trade is seaborne. However, African countries fleets are small, and shipping costs constitute a high proportion of import costs in Africa compared to other regions. Bulk transport now accounts for 40 per cent of African shipping, while in the past African countries had concentrated on regular lines that moved only 20 per cent of their traffic. Insurance charges are usually aggregated with freight, while insurance and reinsurance business are dominated by non-African firms. Furthermore, even where insurance is carried by African insurance companies, the re-insurance had still to be done abroad. A review of the statistics on services between 1985 and 1992 reveals that shipment inflows on account of freight and insurance accounted for 10.6 per cent of inflows for services in 1985, while in 1992, it accounted for only 6.4 per cent. In 1985, outflows on account of shipping and freight accounted for 33.8 per cent of outflows on account of services, while in 1992 30.2 per cent of all outflows were on account of shipping and insurance. Net outflows for shipment, which were US$6446 million in 1985 rose to US$7331 million in 1992.

Table X.9

601. Other items, namely handling, anchorage, pilotage, towage, aircraft landing, provision of ships stores and bunkers, have made positive contributions to the services account of Egypt and Tunisia because of the fairly developed port infrastructure and facilities in these countries. The overall result in sub-Saharan Africa, however, is a net outflow totalling US$572 million in 1990, US$336 million in 1991, and US$96 million in 1992.

602. On a net basis, 'other official services' have made slightly declining contributions to Africa's service sector. In 1985, they accounted for 9.5 per cent of the inflows to the service sector, while in 1992, they accounted for 9.3 per cent of inflows. In the case of outflows, in 1985, they accounted for 9.5 per cent of outflows, and in 1992, they accounted for 8.7 per cent.

603. As pointed out, the deficit on the services account is made largely of payments for banking, insurance and freight, emanating from the disproportionate dependence of African countries on foreign banks and insurers, foreign carriers, and is positively correlating with the volume of trade. It can therefore, be said that the services deficit will grow with the expansion in the volume of trade, unless African countries increase efforts to provide more of these services themselves. This is likely to be an uphill task, considering that the liberalization of services under the Uruguay Round Agreement will expose African suppliers to even more competition from other producers and suppliers of such services. This is why the development of banking, insurance, transport and communications facilities to meet the needs of external trade deserve greater attention. Indeed, these crucial components of international transactions should occupy a prominent place in the development agenda of African governments.

604. Since 1990, there have been some improvements in other private services like non-merchandise insurance, reinsurance and banking related outflows, and this is reflected in some revival in the banking and insurance industry in the region, resulting in the establishment of the African Reinsurance Corporation in 1991. Other private services accounted for 22.9 per cent of inflows in 1985, and 24.6 per cent in 1992. For outflows, other private services accounted for 32.9 per cent in 1985, and 31.1 per cent in 1992. On a net basis, outflows for other private services fell from US$4761 million in 1985 to US$3377 million in 1992. Given the small size of their economies and the huge capital required for establishing viable and competitive enterprising, shipping, insurance and banking, airlines, communication facilities etc., cooperative arrangements among African countries are indispensable to the success of the services sector.

2. Deficit on factor income reflects high cost of debt servicing

605. The deficit on investment income is a reflection of the capital dependency of African countries on the rest of the world

and is unlikely to improve significantly in the foreseeable future. Payments for investment comprise interest payments on external debt and repatriation of dividends on foreign direct and indirect investments. While these liabilities would continue to generate resource outflow until the region turns a net creditor, preference should be accorded to foreign investments. In addition to being a vehicle for the transfer of technology, managerial and marketing skills, this kind of resource flow would lessen the burden of mandatory debt servicing since the subsequent outflow of payments is conditional on, and derives from the productivity and profitability of the investment inflows.

606. In the case of income flows, direct investment income has always been negative for Africa. Interest and dividend payments for foreign private investment represent a sizable component of the deficit in the invisible account. Net receipts from portfolio investments have likewise always been negative for Africa. For income-related flows, inflows due to investment were 69.1 per cent of income flows in 1985, and, 69.9 per cent in 1992. Likewise, outflows due to investment were 93.1 per cent of the income related outflows in 1985 and 93 per cent of the total in 1992. On a net basis, outflows on account of investment rose from US$11935 million in 1985 to US$17360 million in 1992.

607. The share of labour income inflows fell from 30.3 per cent in 1985 to 28.9 per cent in 1992, while the share of outflows of labour income, decreased from 6 per cent in 1985 to 5.9 per cent in 1992. The recession-induced unemployment in Europe and South Africa reduced the demand for migrant labour. The decline would have been sharper, had it not been for the oil-rich-labour-poor Middle-Eastern countries, where employment picked up following normalization after the Gulf war. Property income outflows have, however, been negative, while labour income has made a positive contribution to income flows. The share of property income inflows increased from 0.6 per cent in 1985 to 1.2 per cent in 1992, while the share of property income outflows increased from 0.9 per cent in 1985 to 1.2 per cent in 1992.

3. Trends in capital account and foreign investment

608. Net foreign resource inflow in 1994 was US$19.2 billion, increasing by 32 per cent over the 1993 level. The major sources were external borrowing, although non-debt creating flows in the form of foreign investment are on the rise.

609. Inflows of foreign investment in 1994 were 7 per cent higher than 1993 level and accounted for 39 per cent of the net foreign resource inflows. Although foreign investment tends to favour the oil-exporting and mineral-rich countries, others may also attract foreign capital, given the drive towards privatization of public enterprises, the emergence of stock markets and the generally

favourable macro-economic climate, now fostered in many African countries.

610. In the capital account, direct investment has shown an irregular pattern across countries. Foreign direct and equity investment is closely linked to productive investment, and facilitates the transfer of technology, managerial and marketing skills. Outflows related to direct investment increased by 35.1 per cent between 1985 and 1992, amounting to US$3253 million in recent years, with portfolio investment being negative. It increased from US$165 million in 1985 to US$2470 million in 1992. With amortization payments and capital flight, net capital outflow from Africa has been persistently negative. Outflows on account of long-term capital increased from US$377 million in 1985 to US$7894 million in 1992, while outflows on account of short-term capital increased by 37.9 per cent from US$2794 million in 1985 to US$3853 million in 1992. The ratio of reserves to imports for Africa is low, but improving. Reserves were worth 0.2 months in 1985, 1989 and 1990, 0.3 months in 1991, and 0.4 months in 1992 and 1993.

611. Since the problems of persistent balance of payments deficits reflect in the main the lack of structural transformation in the African economies, the long-term solutions lie in structural change, diversification and increased competitiveness and capacity so as to take advantage of the opportunities in the world market. There is need also for export promotion and programmes to support domestic industries by improving on infrastructure, and the training of the required manpower. Regional cooperation and intra-African trade would certainly make a major contribution to export diversification efforts, food security, export promotion, as well as the development of banking, insurance and shipping services. Success in these areas would in turn have a favourable impact on Africa's balance of payments and protect African countries from getting bogged down again with an intractable debt burden.

D. Major Challenges

612. It is evident from the foregoing analysis that African countries have to deal effectively with a number of major challenges, if they are to face up the risks of instability and marginalisation, and ensure that foreign trade serves as a veritable vehicle for development. In particular, they need to arrest the decline in their share of world trade, widen both export markets and import sources, exploit the growing global linkages and interdependence of industries, and mobilize institutions for regional and subregional cooperation more effectively in order to expand intra-regional trade and promote regional and subregional sectoral development. The policy measures for coping with these

challenges are closely interrelated. For example, virtually all the subregional economic communities have developed programmes in many of these areas, while at the regional level, plans are afoot to strengthen these subregional initiatives and encourage regional programmes in many areas. The major obstacle is the failure to implement agreed programmes and strategies, and it is on this issue that new efforts would have to be directed, if the challenges facing African countries in the field of trade are to be met effectively.

1. Making more progress with diversification

613. There are two observations to be made on the diversification efforts in Africa based on the earlier analysis in chapter II: first, there are major gains to be reaped in the diversification process, if certain critical bottlenecks could be removed; second, there are few success stories of diversification in Africa, which the rest of the region can emulate and is indeed beginning to do. Commodity and market diversification have so far been rendered difficult principally by the lack of investment, technology and skills to augment levels of production and efficiency. These constraints will have to be relieved if the extremely low capacity of most African countries is to be significantly enhanced.

614. African governments have a crucial role to play in creating supportive environment for rapid diversification. In particular, since diversification is a central objective of SAPs, the impact of SAP policies on the diversification process needs to be constantly evaluated to ensure that strategic objectives are achieved. For the structure of exports to change and in order to reduce imports of manufactured goods, the private sector must be supported and encouraged to exploit its entrepreneurial talents and take advantage of domestic and external opportunities. This requires, among other things, the creation of a conducive environment, improved incentive structure, access to targeted credit, and training in technological and marketing skills. The rapid development of African economies in a free-market world environment will be difficult to achieve without the active and dynamic participation of the private sector.

615. Intra-African trade is an essential vehicle for the promotion of diversification, and the establishment of linkages between production units in different countries of the region. This will contribute to improved productivity and greater competitiveness for African products, and provides as well a stronger basis for effective participation of the African region in the evolving global linkages and interdependence of production units world wide. The prevailing slow progress of intra-regional trade is, therefore, a retarding factor for the diversification process, and more needs to be done to remove the obstacles in this area.

2. Meeting the challenges of the Uruguay Round Agreement

616. Given its wide coverage, which includes trade in goods and services, intellectual property, trade-related investment measures, the progressive integration of agriculture and textiles into GATT, and a wide range of international rules and disciplines, the Uruguay Round poses particular challenges for Africa's international trade and payments. This is more so since current assessments show that Africa would possibly lose some US$ 3 billion per annum during the initial years of implementation of the Agreement, while globally trading countries might benefit some US$ 500 billion per annum. To meet these challenges, appropriate measures must be taken so as to minimize the adverse impact of the Agreement and to take full advantage of its positive aspects.

617. The following points present a brief preliminary evaluation of the challenges, which the Uruguay Round Agreement poses for Africa, and their implications for future policy:

a) Market Access: Although tariffs on products of interest to developing countries have been cut, they will remain at higher levels than those applied to products traded among developed countries. Tariff escalation will be reduced, but not significantly. Of more concern to African countries is the annulment of special preferential arrangements, in particular the Lomé Convention: African exports would confront more competition from other producing nations and higher tariffs in consuming countries. Provisional estimates by UNCTAD show that tariff will increase by up to 28 per cent in the European Union, 40 per cent in Japan and 16 per cent in the U.S. markets.

b) Agriculture: Africa's agricultural exports are mostly tropical products. These products, which enjoyed preferential treatment under the GSP and Lomé Conventions, have seen their preferential margins collapse under the Uruguay Round. With regard to the preferential treatment enjoyed by African countries of the ACP group under the Lomé Convention, there has been an erosion of preferential margins by 100 per cent for coffee, coffee by-products and cocoa; 50 per cent for phosphoric acid; more than 30 per cent for petroleum by-products, crustacea and leather; and, more than 20 per cent for tobacco. With trade liberalization, African countries would face greater competition from Asian and Latin American countries on these products. Since the bulk of their foreign trade is with Europe, it is expected that the reduction of preferences in the important tropical products would be about 80 per cent of the margins under GSP and 50 per cent under the Lomé Convention. African producers of the ACP group are likely to incur losses in their major commodity exports, and are likely, being the weaker trading partners, to be the big losers in the short term under the Uruguay Round arrangements.

Reducing export and domestic subsidies would likely increase the international price of food and, hence, result in a higher import bill for African food importers. In the short term, this will put some pressure on the balance of payments, since African countries would have to spend more foreign exchange on their food imports. In the long run, however, it could encourage them to undertake measures so as to increase domestic food production.

Reduced preferences in the tropical products sub-sector of 80 per cent under the GSP and 50 per cent under the Lomé Convention are envisaged. For natural resource-based agricultural products, the preferential margin will fall by 60 per cent under the GSP and 16 per cent under the Lomé Convention. For coffee and cocoa, the EU tariff reduction would lead to the removal of preferential treatment enjoyed by these products, and this would cause considerable declines in the export revenues of African countries.

c) Global MFN: The underlying principle of the new GATT agreement is the non-discriminatory application of the most favoured nation (MFN) principle. In future, regional and subregional economic groupings would have to satisfy stricter rules, and be generally more outward looking, if they are to be consistent with the provisions of the new GATT Agreement.

d) Textiles and Clothing: A major gain for African exporters of textiles is the agreement to phase out the Multi Fibre Agreement (MFA) within 10 years.[89] The textile exports of African countries had been affected by the quota system of the MFA agreement, which had reduced their market shares as in the case of Mauritius.

e) Services: The General Agreement on Trade in Services (GATS) covers a wide range of activities: tourism, transport, telecommunication, insurance industry, business services, financial services and professional services. In all these areas, African services are relatively more undeveloped, compared even with those of other developing countries. Opening up these services to foreign competition could therefore have a negative impact on the indigenous service industries of African countries. The choice facing African countries is not whether or not to liberalize their services sectors, but how quickly they can mobilize their collective effort to strengthen their service industries, so as to better face up to the new competition. There are many provisions in the Agreement which, if properly realized, can strengthen the service industries. First, they may claim sectoral exemptions from MFN treatment up within the grace period of ten years. Second, they may liberalize their service sectors to a lesser degree than the developed countries, and make market access conditional on measures to assist them in strengthening their services sectors. These possibilities do not, however, absolve African countries from the obligation to raise the

[89] UNDP/UNCTAD African MTN Project RAF/87/157

competitive level of their service industries in the long run, and join the ranks of developing countries, which are already competing effectively with the developed ones in a wide range of services, notably, airline services, computer accounting services and software.[90]

f) TRIPs: The agreement on Trade Related Intellectual Property Rights (TRIPs) mandates "the extension of patentability to virtually all fields of technology recognized by developed countries. Its scope covers copyrights, industrial patents, trademarks, trade secrets, industrial designs, layout designs of integrated circuits, and geographical indications."[91] It will oblige African countries to enact strict national legislation with regard to intellectual property protection according to standards prevailing in the developed countries. It will constrain their decisions over seeds and patents[92], and affect the costs of medicines products. African countries may also have to face higher costs in their quest for technological development, since they have to pay for copyrights and patents.

g) TRIMs: The agreement on Trade-Related Investment Measures (TRIMs) will allow for only weak restrictions on foreign investments. It will make it difficult for African countries to use policy measures, such as domestic content and trade balancing requirements to regulate the activities of foreign investors in the interest of national development. African countries, in particular, are concerned that restrictive business practices by TNCs will stifle competition by potential new rivals in the host countries and from other developing countries.

618. The Uruguay Round arrangements, then, reflect not only the weak negotiating position of African countries, but also the structural weakness of their economies. Developing Africa participated in the Uruguay Round from a position of conspicuous

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[90] For example, Swissair has transferred its revenue accounting operations to Bombay, India, as part of its overall cost-reducing and revenue-enhancement programme. See "Integrated international production in accounting: the case of Swissair" Box V.A, p.122 in World Investment Report 1993 (Transnational Corporations and Integrated International Production), United Nations, New York, 1993.

[91] "Developing Countries and the Uruguay Round - An Evaluation and Issues for the Future", A Report prepared for UNCTAD secretariat by Manuel R. Agosin, Diana Tussie and Gustavo Crespi, and presented to the Seminar on Trade Prospects for Developing Countries up to the Year 2000 and Beyond, 27-29 September 1994, Geneva, Switzerland, p.34.

[92] **Winners and Losers** (The Impact of the GATT Uruguay Round on Developing Countries), Peter Madden and John Madeley, Christian Aid, 1993, p.17.

weakness, due to its less than 2.5 per cent share in globally traded goods. Second, the African countries lacked a common negotiating stand in contrast to other regions, notably, the EU, Asia, and Latin America. Failure of African countries to coordinate their position as a bloc eroded whatever influence they could have made on the outcome of the negotiations. Thirdly, the negotiating leverage of the African countries had been further weakened by the trade liberalization programmes they already adopted under the World Bank/IMF-inspired SAPs.

619. While Africa has to accept the overall package and outcome of the Uruguay Round in its entirety and as a single undertaking, it should nevertheless explore all possibilities for exemption from full compliance so as to tide over some of the unfavourable consequences of the Final Act of the Uruguay Round, while utilizing the likely delay in the implementation of the Agreement to rehabilitate its economies in the first place, so as to improve its competitive position. African countries should also seek special compensation from the EU and exclusively utilize it in the restructuring of their economies in order to recover some, if not all of the losses emanating from the implementation of the Uruguay Round Agreement. They need to avail themselves of the provision for amending the Lomé IV Convention in the event of multilateral trade negotiations within WTO, on measures relating to general trade liberalization, which lead to the loss of competitiveness of ACP agricultural products in the single European market. They should also join other developing countries in order to prepare the ground for future negotiations within the WTO on important issues left unsettled by the Uruguay Round negotiations. Chief among these are: (i) the need for special balance of payments assistance to meet the difficulties that are likely to be encountered during the transitional period, (ii) the need to ensure that cooperation between the WTO, the World Bank and the IMF, as provided for in the Agreement, is used to promote greater consistency of international policies in the areas of trade, money and finance.

620. If Africa is to take advantage of the new open trading system, it would have to undertake reforms to improve its competitive position in many areas, formulate policies and measures to diversify the national economies and create the dynamic linkages within and between the different sectors of the domestic economies. To this end, acquiring appropriate technologies, rehabilitating the manufacturing sector, mobilizing efforts to strengthen regional and subregional co-operation are all cardinal to increased African participation in world trade, and, without real progress in these important areas, increasing participation and dynamic linkages would be very difficult to achieve under conditions of free trade that the Uruguay Round Agreement aims to promote.

621. In the highly competitive atmosphere that would be created by the Uruguay Round Agreement, a quick turnaround to sustainable growth in African countries will be difficult to achieve without

the active support of the international community through trade concessions and increased resource flows. The concerned international agencies, including the WTO, and the region's trading and development partners, should strive to assist African countries in mobilizing and effectively utilizing external resources for rapid economic transformation. Supportive measures by the WTO in particular need to facilitate investment and the right kind of adjustment lending that would assist African countries to deal effectively with the balance of payments pressures and the transitional problems of policy reform, so as to objectively implement the Final Act of the Uruguay Round. Under the circumstances, the region also needs increased capital flows and innovative initiatives and approaches to debt relief. The WTO could assist the region in securing greater access to business technology, distribution channels and information networks, that would enable it develop the capacity to effectively expand trade in services.

XI. AFRICA'S EXTERNAL DEBT AND RESOURCE FLOWS

622. Africa's external debt crisis and the problem of resource flows to the region are closely linked. Recent developments have shown clearly that neither problem can be resolved effectively without a substantial progress on the other. This is the harsh reality confronting African policy makers,and their development partners. Above all, it sums up the vicious circle that has to be broken if the continent is to accelerate its recovery and resume steady and sustainable growth.

I. AFRICA's EXTERNAL DEBT

A. Introduction

623. In the early 1980s, the external debt crisis of the developing countries focused international attention on the risks that the international financial system ran with payments defaults by the largest borrowers, most of them in Latin America. In contrast, the early 1990s saw the dissipation of those risks, but the development of a new and particularly alarming situation in Africa. Whereas in the earlier decade frequent payments defaults among Latin American countries had been seen as a threat to the orderly functioning and stability of the international monetary system, the situation in Africa seemed to have been considered marginal to the system. It was only after 1988, when payment difficulties in Africa became intensified and widespread, that global concern focused on the crisis in the region.

624. By the end of the 1980s, a relatively substantial number of official creditors came half way to adopting the Common Position on Africa's external debt, which had been formulated at Addis Ababa in 1987 by the African Ministers of Economic Development and Planning, and endorsed by the African Heads of State and Government[93]. However, there was no real consensus on the radical measures that would address the crisis in Africa, beyond the traditional debt relief provisions granted world-wide by the Paris Club. Many questions were left hanging in the air. For example, after Egypt and Poland were granted exceptional treatment in 1991, an increasing number of Governments of African debtor countries were asking questions, such as:

a) Why, for more than a decade, creditor countries and institutions persisted in advocating stop-gap measures in a global situation of deep economic and financial crisis whose prolonged effect on Africa had resulted in a full-blown

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[93]/ OAU, "African Common Position on Africa's External Debt Crisis, Third Extra-Ordinary Assembly of Heads of State and Government, Addis Ababa, 30 November-1 December 1987.

external debt crisis?

b) Why the factors that have stood in the way of the adoption and implementation of the radical debt relief measures should not henceforth constitute the central element of an international debt strategy?[94]/

625. The answers to these questions have constituted the centre-piece of efforts at making a clean break with half-way and stop-gap measures and of efforts towards the adoption of relief mechanisms that will restore debtor solvency, boost confidence of national and international investors alike, and revive the inflow of much-needed capital in support of domestic efforts at financing development.

B. Debt Indicators Trend

1. A persistent and growing debt problem

626. Preliminary estimates by the UNECA indicate that, Africa's external debt stock would reach $US 312 billion by the end of 1994 compared to $US 302 billion in 1993.

627. With a projected increase of 3.5 per cent in commitments in 1994, compared to 1.5 per cent in 1993, Africa will still be, for the fifth consecutive year, the developing region with the lowest external debt expansion (Table XI.1). This is due mainly to the serious difficulties facing the continent in attracting private capital. Its share of overall borrowing commitments by developing countries dropped from 20 per cent in 1990 to 16 per cent in 1994.

Table XI.1
External debt of developing countries by region, 1990-1994
(US$ billion)

628. While debt servicing payments have remained very high, the persistent negative net transfers on debt over the period 1990-1993 is attributable to the low level of fresh disbursements. Furthermore, despite various rescheduling efforts, arrears have accumulated, thus compounding the problems of repayment and adding to the overall debt stock. It is noteworthy that, the value of short-term debt rose from US$ 37.6 billion in 1990 to US$ 45.3 billion in 1993 while that of long- and medium-term official debt decreased over the period 1991-1993, and levelled off at US$ 240 billion. The share of interest arrears in short-term debt rose

[94] United Nations, 49th session of the General Assembly, (A/49/338), Macro-economic policy issues; external debt crisis and development.

from 33 per cent in 1990 to 37 per cent in 1992, and virtually reached 41 per cent in 1993.

629. The overall tendency, depicted above, conceals important differences among subregions and countries (Table XI.2). In North Africa[95] the external debt stock was expected to increase slightly by 0.5 per cent in 1994 while sub-Saharan Africa was to record a 5.4 per cent increase. The debt and debt service ratios would be, respectively, 76 per cent and 12 per cent for sub-Saharan Africa, and, for North Africa, 65.4 per cent and 31.1 per cent.

630. In North Africa, net transfers on debt fell from US$ -3.5 billion in 1992 to US$ -5.4 billion in 1993, indicating that debt service payments far outstripped fresh disbursements. In sub-Saharan Africa, there was a slight improvement in net transfers on debt over the period 1992-1993 and a significant development in 1994 when, for the first time since 1991, a positive balance of about US$ 2 billion emerged on the disbursements and payments made for the year. This significant improvement in net transfers can not, however be interpreted as an indication of a larger resource inflow in 1994. Rather, it conceals the difficulty facing sub-Saharan Africa in servicing its debt, with arrears increasing by US$ 3 billion, from US$ 37 billion in 1993 to about US$ 40 billion in 1994.

Table XI.2
Africa's external debt and debt service, 1991-1994

2. The situation in North Africa

631. For the first time since 1990, North Africa should emerge from four years during which the "Egypt" effect dominated the overall picture of external commitments of the subregion. Following the exceptional measures for Egypt's debt relief in 1990, the external debt stock of North African countries stabilized around US$ 118 billion. However, the subregion's debt servicing ratio, other than Egypt, remained high due to the heavy debt burden of the debtor countries (Table XI.3). Among these are Algeria, the Sudan and, to some extent, Morocco. In contrast, Egypt and Tunisia have considerably reduced the level of their external commitments, and seemed poised to restore their external viability in the coming years.

Table XI.3

[95]/ Including the Sudan.

Debt Tables of North African Countries
(US$ Million)

632. While undertaking a stabilization programme with the IMF, Algeria experienced in 1993 some severe socio-political tensions that extended into 1994 and adversely affected its macro-economic performance and the impact of measures adopted within the programme. However, as part of the programme, the thorny issue of Algeria's external debt was given a new direction. In order to alleviate the debt burden and bring the debt service to a reasonable level, Algerian authorities finally accepted the 'restructuring option' and abandoned the 'profiling option' previously vehemently advocated to protect the country's credit worthiness. The debt service of Algeria, estimated at US$9.3 Billion in 1994, will absorb around 90 percent of the export revenues, although the Paris Club's decision to reschedule about US$ 14.5 billion of the country's official debt in 1994 should save it a substantial amount of foreign exchange on debt servicing. Should the country sign a similar agreement with its London Club creditors, savings on debt servicing could reach US$ 4-5 billion in 1995.

633. The situation in the Sudan is characterized still by stagflation, dwindling foreign reserves, diminishing financial assistance for development and an external debt stock frequently fuelled by increasing arrears, which as a percentage of the overall debt volume, has risen from 65 in 1990 to 73 in 1993. Furthermore, the persisting climate of conflict and civil war has discouraged a large majority of official donor agencies from providing assistance, thereby forcing the Sudan into a "face to face" deal with the IMF in which the country has since 1984 been frequently threatened with suspension of cooperation or withdrawal of voting rights or eviction, as a result of setbacks in the implementation of reform programmes. The Sudan's arrears with the IMF by the end of the third scheduled quarter of 1994 totalled about US$ 1.7 billion, which prompted a fresh suspension procedure. The government's commitment to undertake a new reform programme, as from the 1995 financial year, has made it possible to dispel this threat and win authorization for the rescheduling of all arrears.

634. Since 1991, Egypt has been implementing a major reform programme which should culminate in further liberalization of its economy. However, the method as well as the speed adopted for the privatization of some 341 enterprises has caused some concerns with bilateral and multilateral partners. Coupled with this is the perennial issue of devaluing the Egyptian pound whose stable parity vis-à-vis the dollar the Government considers a sign of trust in the macro-economic environment. Consequently, the IMF has refrained from endorsing the third scheduled reduction of Egypt's official external debt by about US$ 4 billion - 20 per cent of the official debt - which would have enhanced Egypt's image on the international financial market; more so that Egypt is one of the few developing

countries that has contributed to the reconstitution of IMF trust Funds for the poorest countries and increased its equity participation in the International Financial Corporation (IFC).

635. Tunisia's external debt indicators have steadily improved since 1990, a reflection of the country's cautious debt strategy. With an average 5 per cent growth rate over the period 1987-1992 and an expansive economic environment and an open door policy, Tunisia has been able to attract foreign investors and to avoid the need for IMF stabilization programmes. It has been operating on the European financial markets since 1992 and, with the establishment of a foreign exchange market in March 1994, it has been enjoying the highest credit rating in Africa. All these are positive factors which will enable it to continue operating on the international financial markets[96].

3. The situation in Sub-Saharan Africa

636. The external debt stock of sub-Saharan African countries would reach US$ 194 billion in 1994, with South Africa accounting for US$ 16.6 billion, i.e. about 9 per cent of the total. For the second consecutive year, the subregion's external commitments have increased - by 2.5 per cent in 1993 and 5.4 per cent in 1994. Excluding South Africa, the other countries of sub-Saharan Africa, as a group, increased their commitments by 3.7 per cent and 4.8 per cent in 1993 and 1994 respectively.

Table XI.4
Debt Tables of the sub-Saharan African Countries

637. The increase in the external debt of sub-Saharan African countries is attributable not to large-scale long-term borrowing, despite the fact that these have increased in nominal terms due to some growth in disbursements. Indeed, the share of long-term debt in the overall debt volume dropped from 83 per cent over the period 1990-1992 to about 80 per cent in 1993-1994. In contrast, short-term debt grew spectacularly between 1991 and 1994, from US$ 24 billion in 1991 to US$ 33 billion in 1994, an increase of US$ 9 billion in three years. Interest arrears have been the most significant component of the short-term debt between 1991 and 1994, with accumulated arrears totalling US$ 11 billion, i.e. an arrear stock of US$ 18 billion, representing 55 per cent of short-term debt and about 27 per cent of overall debt in 1994, compared to only 10 per cent in 1990.

Fig XI.1
Sub-regional arrears and net transfers

[96]/ Middle East Economic Digest (MEED), 4 February 1994, p.7.

638. African countries generally, and sub-Saharan African countries in particular, have benefited little from the private capital streams which now constitute the most important component of the global flow of financial resources (see Tables XI.5 and XI. 6). In 1994, the debt stock of sub-Saharan African countries, amounted to 63 per cent of the continent's external debt in 1994 but represented only 10 per cent of the total debt of developing countries, and is spread over 48 countries with widely varying structural characteristics and economic performance. In terms of revenue, the middle-income African countries, totalling 11 in 1993, accounted for 16 per cent of the total debt of the subregion, while 37 low-income countries accounted for the remaining 87 per cent. These figures demonstrate the complexity and variety of the debt situation in sub-Saharan Africa.

639. Tables XI.5 and XI.6 clearly show the trend in the debt indicators in the low - and medium income countries of sub-Saharan Africa: a debt stock, that is often higher than the GDP and more than four and a half times the value of exports of goods and services. An indication of the deepening debt crisis in the two groups of countries is to be found not only in the increasing number of the severely indebted countries over the years, but also in the deteriorating debt indicators, with a further worsening of the problems of access to official funds - their main sources of credit.

Table XI.5
Debt Tables of Some Severely Indebted Low-Income Countries a/
in sub-Saharan Africa

640. For the highly indebted middle-income African countries, in particular, the debt and debt service ratios were, respectively, 116 per cent and 350 per cent. Furthermore, the share of the arrears on debt service in their overall debt rose from 17 per cent in 1991 to 22 per cent in 1992 and 32 per cent in 1993. Net transfers on debt in 1993 were again negative, by US$ 18 billion, largely because, disbursements dwindled while debt servicing payments remained at the same level as in 1992. While the financing operations of the severely indebted middle-income African countries with commercial institutions have decreased considerably, their financial deficits have become so large that they could no longer be accommodated with sporadic mobilization of funds from the multilateral institutions.

Table XI.6
Debt Tables of Some Severely Indebted Middle Income Countries a/
in sub-Saharan Africa

641. In the large majority of the medium and low-income African countries implementing structural adjustment and reform programmes, economic performance has been generally disappointing. Consequently, the capacity to mobilize fresh financial resources from vital financing sources has been seriously undermined in those countries. The meagre foreign exchange reserves available have, in most cases, been diverted to unavoidable debt service payments to multilateral financial institutions. So much so that, in 1992 for instance, the share of multilateral debt service in the long-term debt service of countries like Benin and Uganda was more than 85 per cent, while that of countries like Burundi, Ghana or Tanzania was within the 43 to 70 per cent range.

642. In order to continue to benefit from the support of what had become their only source of available external financing, the medium- and low-income African countries have had to embark on a regime of financial self-discipline, but even that has since reached its limits. Indeed, under domestic social pressures which have increased with democratic reforms, an increasing number of African countries are currently reneging on some of their commitments to the multilateral financial institutions at the risk of suspension of disbursements or being declared non-cooperative. Indeed, several countries within the CFA Franc Zone were recently faced with such threats over their inability to service their debt following the devaluation of the CFA franc.

C. Africa's Debt Crisis and the International Debt Strategy

1. Limited impact of the international debt strategy on Africa's debt crisis

643. Following the 'Toronto terms' of June 1988, two forms of initiatives were undertaken by the Paris Club in 1990 and 1991 to lower the burden of the official debt of the developing countries. These were: the 'Trinidad terms' of September 1990 and the 'Enhanced Toronto terms' of December 1991. The restructuring exercises which followed the Toronto and the Trinidad summits did indeed set the stage for a new approach to the debt problem, because arrangements for reductions of debt stock and debt service were for the first time introduced into the mechanisms for renegotiating commercial official credits and government guaranteed credits owed by the poorest countries. However, because of the restrictions attached to the scope of coverage, certain types of loans and certain categories of debtor countries were left out. This was the case with Cameroon, a middle-income country whose commitments to Paris Club creditors accounted for 50 per cent of its total debt stock at the end of 1991. Similarly, for the low-income countries, ODA debts were not cancelled. For some other

countries, such as Côte d'Ivoire, the Niger and Nigeria[97], whose debt structure is dominated by bank loans, the impact of such measures has remained rather limited.

644. The 'Enhanced Toronto terms' were reinforced by some other unilateral initiatives taken individually by bilateral creditors to reduce the debt related to their ODA programme. Such initiatives have themselves been complemented by other debt reduction mechanisms set up by the World Bank in 1989, to buy back all or part of the debt owed to the Bank by the poorest countries. These debt relief options, namely, the IDA Debt Reduction Facility and the exceptional IDA allocations, have enabled countries like Congo, Mozambique, Niger, Sao Tome and Principe, Uganda and Zambia to pay up their commercial debt arrears or arrears owed to the Bank itself. However, constraints related to loan disbursements by the multilateral financial institutions remained a source of concern. Indeed, the fact that loans contracted from those institutions could not be renegotiated - and even more, that arrears can not be tolerated - meant that some of the resources obtained from bilateral creditors were transferred to those institutions. The direct consequence was that the liquidity situation in the debtor countries did not improve, per se, as much as it should, while failure to reduce the risk of payment defaults made the chances of mobilizing new funds from private donors rather slim.

645. The persistence of the debt crisis, the repeated recourse to the IMF and the World Bank windows, the generally poor macro-economic performance of African countries and the negative net resource transfers to Africa even after 10 years of efforts to resolve the debt crisis, are all indications of the extent to which the measures so far taken have fallen short of effectively addressing the Africa's debt problem. For instance, between January 1980 and June 1993, eighteen severely indebted low-income African countries (16 of them south of the Sahara) concluded 28 rescheduling agreements with the Paris Club. Some of the countries have signed as many as seven agreements during the same period (Table XI.7 below).

Table XI.7
Number of Paris Club agreements concluded
by 18 Severely Indebted Low Income African Countries
between January 1980 and June 1993

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[97] OECD, Financing and external debt of developing countries, 1992 Survey, Paris 1993.

646. With the exception of Egypt, which benefitted from special measures of debt write-off in 1991 and which has at least enjoyed some respite, nearly all the countries in the region have been plunged more deeply into economic distress, saddled with heavy indebtedness and accumulated arrears (Table XI.8) and trapped within the vicious circle of repeated rescheduling[98] under current restructuring agreements.

Table XI.8
Arrears Accumulation by Developing African Countries

647. In recognition of the limitations of previous initiatives on debt relief to the poorest countries, the G7 Summit of December 1994, in Naples, requested the Paris Club to search for further debt relief measures. Responding to this call, the Paris Club creditors decided to grant 67 per cent debt or debt service reduction to countries whose per capita income is US$ 500 or less, and whose debt to exports ratio, an indicator of debt overhang, is more than 350 per cent. Another condition was a good track record with the Paris Club and the implementation of SAPs with the IMF for the past three consecutive years or more. With these criteria, it is evident that only a handful of African countries (Chad, Guinea, Guinea Bissau, Togo and Uganda) will benefit from the 'Naples terms'. So, once again, the renewed efforts at reducing Africa's debt burden have again fallen short of the comprehensive debt strategy that the emergency situation in Africa demands; namely, 80-100 per cent reduction in the stock of debt for the low-income countries, the cancellation of all concessional debt, drastic reductions in multilateral debt and private sector debt, and increased relief for non-concessional debt.

2. The need for a special debt strategy for Africa

648. It is now generally agreed that Africa's debt situation is a major development issue on which the international community must urgently focus its attention. And that palliatives, rather than real relief measures, driven mainly by obsession with resolving a liquidity crisis, are in the least suitable to the peculiar situation of the countries in Africa facing a serious solvency crisis. Furthermore, debt relief measures for countries implementing SAPs, and faced with the ardent tasks of democratization and reconstruction, as the case may be, require immediate and massive concessional flows in conjunction with debt relief. It is only in that way that African countries will be enabled to resolve their solvency crisis and sustain domestic restructuring efforts for a stable polity and sustained economic

[98] OCDE, Cooperation pour le Dévelopment, Rapport 1993, p.82, Paris 1994.

recovery.

649. Without substantial international assistance, it would be difficult for most African countries to reverse their worsening trend of crushing indebtedness, whether in the short term or in the medium term; the more so since the immediate prospects for increased export earnings in Africa are far from bright. As Table XI.9 shows, the efforts deployed so far by the bilateral creditors have provided only temporary relief for the debt burden of a very few African countries. Most of the heavily and severely indebted countries in the region have continued to face enormous payment difficulties as a result of the imbalance between their debt burden and their economic performance. Of the 36 developing countries whose debt overhang ratios and liquidity burden ratios were, respectively, higher than 200 per cent and 15 per cent in 1994, 28 are in sub-Saharan Africa. Based on empirical analysis, the World Bank has indicated that it would require an annual average growth of 15 per cent in the export values [10] of the heavily indebted countries to bring the debt overhang ratio to 200 per cent over a period of five years.

Table XI.9
Liquidity burden and debt overhang of SILICs and selected SIMICs

650. The solution to the African debt crisis will require, in addition to macroeconomic policy re-orientation, more meaningful and multidimensional measures, involving specific commitments on the part of creditors and debtors alike. The African countries have, on their part, the responsibility to take appropriate measures to restructure their economies and per force create an enabling environment for domestic and foreign investment. But, reducing and managing external dependence, and developing the capacity to cope with changes in the external environment require long-term adjustment and transformation, and a good deal of international support. This is why it is essential that Africa's debt crisis be placed within the global context of Africa's relations with the rest of the world, and that the specific strategy for dealing with it should centre on two major integrated policy measures: the first having to do with the immediate relieve of the pressure of debt service on the continent's fragile economic and social structures; the second focusing on the restoration of the external viability of the African economies so that the favourable conditions that would attract the necessary financing for economic recovery and sustainable growth can be fostered. There is a ray of hope in the growing convergence of views between Africa and its development partners over measures to be taken, as evidenced by the current G7 position, the findings of IMF and World Bank studies, and a host of bilateral initiatives. The real problem is with the political commitment needed to translate commonly shared views into action.

651. While the pursuit of viable reform programmes and new political options (e.g. democratization and popular participation) on the part of African countries should restore donor confidence, revive investment and accelerate recovery; the renewed commitment on the part of creditor countries to support Africa's development need also be translated into more radical measures to deal with Africa's debt crisis, and the working out of new mechanisms to give effect to such measures, including the institution of impartial monitoring mechanisms.

II. RESOURCE FLOWS TO AFRICA

A. Introduction

652. The trend of resource flows to Africa has more or less followed the general movement of public and private capital to the developing countries. One of the most striking developments, since 1990, has been the substantial increase in the flow of private funds worldwide and the relative stagnation in the flow of public funds. The latter trend is perceived as a donor response to the obvious signs of economic recovery and growing profitability in a number of developing countries - mainly the middle-income countries of Latin America and Asia - largely on account of the reform policies that they have pursued. The encouragement to privatize and to liberalize economic activities, together with the removal of impediments created by the debt burden, have helped to restore the external viability of those countries. New financial instruments are in use to speed up the movement of private capital, doubtless motivated by the prospects of profits on the emerging capital markets.

Figure XI.2
Net resource flows to Africa and other developing regions

B. Few Gains from Private and Official Flows

653. The virtual stagnation of public flows in 1990-1992, and their decline in 1993 are at variance with the growth of the financing requirements of the developing countries, mainly the low-income African countries. These are countries faced with a sharp contraction on private flows and have been unable to borrow on the international money markets. They are also facing various difficulties - internal (macro-economic instability, social turmoil, civil strife, weak and disjointed institutions, the external debt burden etc) and external (unfavourable international economic environment, deteriorating terms of trade etc) which have led to poor performance and in turn deepened the distrust of investors, accentuated the withdrawal of private donors and increased dependence on official donors and multilateral financial

institutions whose response has been rather timid. In 1992, the flow of resources to low-income developing countries, at 1991 prices and exchange rates, was far lower than the $60 billion recorded in 1990. ODA, which accounted for the bulk of such flows and for about 60 per cent of total net flows in 1990, fell - in real terms - from $36 billion in 1990 to $34 billion in 1992. The contributions of bilateral donors increased only modestly, partly because of greater budgetary discipline in most member States of the OECD Development Assistance Committee, and partly because the aid provided in the past by countries of the former USSR and Eastern Europe had ceased. In addition the contributions to resource flows by the Arab countries was also considerably reduced after the Gulf war.

654. After reaching a peak of $27.8 billion in 1989, in current terms, net resource flows to Africa steadily decreased to $23.3 billion in 1991. Over the same period, Africa's share of the total resource flows to developing countries was sharply eroded: falling from 24 per cent in 1989 to 14 per cent in 1992. While 34 of the 51 low-income developing countries, as classified by the World Bank, are located in Africa and their number has steadily increased, the poorest countries of Africa received only 42 per cent of the resources disbursed to all low-income countries in 1992 as compared to 57 per cent in 1989.

Figure XI.3
Net resource flows to developing Africa

655. Since 1990, there has been a change in the structure of resource flows; relative increase in Official Development Finance (ODF), estimated at $3.1 billion for the first three years of the 1990s, was not enough to compensate for the dwindling receipt of private resource flows. As indicated in Table XI.10 below, the share of disbursements by bilateral donors has decreased steadily over the years since 1985. While it accounted for 70 per cent of ODA in 1985, it fell to 68 per cent in 1991 and to 66 per cent in 1992. Multilateral disbursements increased over the period, but the trend has been rather irregular. What is more, the volume of multilateral lending has been modest compared to the emerging needs for development financing in the poorest countries as a group.

Table XI.10

Total net resource flows to Africa and Sub-saharan Africa, 1985 and 1990-1992

C. <u>Sub-Saharan Africa Hurt by Declining ODA</u>

656. The debt situation in sub-Saharan Africa is particularly

alarming because of the large number of low-income countries involved [99]. Traditionally in need of concessional aid because of a structural inability to raise funds on international money markets, the African low-income countries as a whole (and to a certain extent the middle-income countries) have been mostly affected by the reduction of ODA disbursements.

657. The net aggregate flows of long-term resources to Africa since 1985 are shown in Table XI.11, based on World Bank estimates. While the volume of net resource flows nearly doubled between 1985 and 1990, they have tended to stagnate at some $11-12 billion since 1990. That trend arises from a contraction in bilateral official lending, a slight growth in multilateral official lending and persistent negative private flows.

Table XI.11

Sub-Saharan Africa:
Aggregate net resource flows to Low Income Come Countries

658. In the case of bilateral official lending, the concessional elements fell almost by half, from 1989 to 1993, while multilateral lending on concessional terms accounted for 45 per cent of official loans in 1985, and more than 70 per cent since 1990. In contrast, technical assistance grants expanded by nearly 20 per cent between 1990 and 1993 although, as a component of ODA, its cost effectiveness has increasingly come into question [100].

659. With regard to private flows, there was a measure of recovery in FDI although it has been confined mostly to a few countries where the pursuit of economic reforms have created opportunities for greater equity participation in the context of restructuring and the privatization of certain public enterprises and parastatals. Conversely, the deficit on private loans has worsened, reaching $1.7 billion in 1992, partly as a result of the persistent negative transfers by commercial banks from the low-income countries of sub-Saharan Africa.

660. The pattern of official flows to the poorest countries of Africa over recent years has most often been attributed to the growing incidence of destabilizing factors such as political and social turmoil, which have imposed a heavy constraint on the borrowing efforts for the economic reforms process, especially for

[99] 32 out of a total of 34 in Africa

[100]/ UNDP, Human Development Report, 1994, New York Oxford University Press, pp 76 and 79-81.

countries mired in armed conflicts. However, it is paradoxical that even countries that have achieved a modicum of peaceful transition have not been accorded the required facilities and the financial assistance for economic rehabilitation and reconstruction.

D. Africa's Financial Requirements and Donors' Response

661. Several estimates are available, from studies[101] by the World Bank, the ADB and the ECA, of the financing requirements of African countries during the 1990s. According to the World Bank, for sub-Saharan African countries to achieve the minimum 5 per cent growth rate target by the year 2000, they need to receive substantial net inflows of foreign financing (in the form of additional borrowing and reductions in debt service), which the study estimated at $29-30 billion a year over the period 1991-2000. These resources would be devoted in equal proportions to: (a) new investment and the associated imports of goods and services needed to induce a recovery in production; and, (b) the servicing of debts previously contracted. The study added that the doubling of development assistance would enable African countries to achieve a two-thirds increase in the level of transfer inflows. Other factors, such as the stabilization of non-concessional borrowings at their 1990 levels, the doubling of foreign direct investment and an annual growth rate of 3 per cent in the industrialized countries, would also enter the equation. The annual gap that would emerge from these calculations, and which would have to be covered from domestic sources, would average $3-4 billion.

662. The ADB study, on the other hand, estimates that an average of US$ 61.4 billion (in 1990 dollars) of external resources, net of debt service payments, would be required annually to attain a regional average growth rate of 5 per cent over the period 1992-2001.

663. As for the ECA study, the calculations are that US$ 460 billion of net external transfers (in 1990 dollars) will be required by African countries to achieve the UN-NADAF average growth target of 6 per cent per annum in GNP over the period 1993-2005, and that another US$ 490 would be required to meet external

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[101] See Gulagovski, Jorge and others, "African Financing Needs in the 1990s" Policy,Planning, and Research Working Papers, WPs 764 (Washington D.C: World Bank,October 1991); UNECA, Strategies for Financial Resource Mobilization for Africa's Development in the 1990s, Document E/ECA/CM.19/5 (ECA, Addis Ababa, April 1993); ADB Group Projections on Africa's External Resource Requirements and the Bank Group: A Ten Year Perspective Abidjan: African Development Bank, April 1993).

debt service obligations over the thirteen-year period.

664. While there are inevitable differences in the above estimates, because of varying assumptions about policy changes and other internal developments in the various countries, as well as changes in external prices, the conclusions point in the same general direction: a substantial increase in the inflow of concessional funds from official sources combined with adequate level of export revenues will be required if Africa is to emerge from the present crisis, create a favourable environment for self-sustaining growth, reduce poverty by about 50 per cent and double average per capita income. This will be in addition to increased domestic resources, whose mobilization would require raising the gross domestic savings rate to 25-35 per cent of GDP during the remainder of the 1990s. However, the rebuilding of domestic financing capacity in Africa would depend not only on the outcome of ongoing reforms; Africa's development partners would need to support those efforts in the short and medium terms.

665. During 1990-1993, actual resource flows were very much below the levels estimated in the various studies described above. ODA declined further; negative net private transfers continued; domestic savings were being eroded at a faster rate, thanks to the persistence of the region's economic crisis; the volatility of capital movements and the large share of domestic output that had to be devoted to debt service.

666. Much would depend, therefore, on whether donors' response to Africa's development needs becomes more positive in the future.
At the beginning of the Decade, the United Nations obtained in the New Agreement on the Development of Africa during the 1990s (UN-NADAF), the renewed commitment of the international community to support Africa's development efforts. Since Africa's external debt constituted one of the major constraints to the financing of growth recovery, specific measures were recommended under a well defined agenda. In the UN-NADAF, it was shown that the achievement by the African economies of an average annual growth rate of 6 per cent - the critical threshold to curb absolute poverty - during the decade would require raising official development assistance to US$ 30 billion in 1992 and maintaining its growth rate, in real terms, at an annual average of 4 per cent till the end of the Decade. These resources would supplement debt relief measures and those aimed at revitalizing the export capacity of these countries in such a way as to make their development self-sustaining.

667. Predictions are now difficult to make because the post cold war period and politics have given a new dimension to the policy orientation of ODA. First, the collapse of the Soviet Union and the socialist bloc has deprived some developing countries of the financial and technical assistance previously provided to them within the framework of their relations with that bloc. Second, assistance from oil-producing Arab countries, which was at the

level of US$8 billion at the beginning of the 1980s, has decreased to US$2 billion in the 1990s. With the peace agreements and better prospects of stability in the Middle East, the region is now certainly in greater need of resources for its own development, since reconstruction will be foremost among its priorities. Third, most of the Development Assistance Committee (DAC) members - the most important source of ODA in the world - are just emerging from a long lasting recession. As one of the consequences of the austerity programmes dictated by recession, the perception of budgetary allocations to development assistance by some political groups in the donor countries has changed profoundly, reflecting their opposition to the spirit of solidarity which characterized actions in the past in favour of development in the poorest countries.

668. By all accounts, recent trends in development assistance policies show that, ODA will be increasingly limited in the coming years. Furthermore, its allocation between an increasing number of requesting countries will be subject to performance criteria which are more likely to depart from the spirit of solidarity that characterized the rich countries' assistance to developing countries in previous decades. A new set of targets and performance criteria, among them, poverty reduction, children health, demography, anti-AIDS campaigns environment, women participation in development, good governance, democracy, human rights, popular participation, promotion of the private sector, are destined to determine the allocation of the limited public resources available for aid. There will, accordingly, be more competition among the increasing number of requesting countries for the available funds, and as targets are set on the basis of global priorities, countries considered marginal or less needy on account of the above criteria might be penalized.

669. It is in this new context and emerging perspectives that a realistic assessment of the response of official donors to Africa's aid requirements should be made. The initial signs leave little room for optimism. Apart from Japan, which decided in 1993 to raise its development assistance contribution to world development by 50 per cent, the member countries of the OECD Development Assistance Committee have levelled off their contributions at an average rate of 0.35 per cent of GNP over the last 30 years. Even the 0.7 per cent target set by the UN-NADAF may not be achieved, because of the ever-decreasing number of countries which could even try to meet it. In order to expand the possibilities for mobilizing development finance resources for Africa in the coming years, it is necessary therefore for the measures accompanying development assistance to include debt relief, stabilization of commodity prices and encouragement of private flows. It is important also to take cognizance of the fact that private resources, though currently more abundant, are not automatic substitutes for concessional flows to developing countries. That is because private financial resources are at present channelled to

countries offering the best opportunities for profit, within a stable and expanding economic environment. In order to assist the poorest countries which are unlikely to benefit much from private capital flows in the immediate future, it will be necessary for the donor community to mobilize further resources in support of the reform efforts of those countries through improved aid allocation and enhanced quality and effectiveness of assistance; generous replenishment of IDA and the soft-term windows of the African Development Bank as well as other grant-based multilateral programmes; and, the provision of funding from new sources such as SDRs allocations and IMF gold sales.

XII. REGIONAL CO-OPERATION AND INTEGRATION

A. General Background

670. African countries have continued to strive for regional and subregional integration as a major strategy for promoting intra-regional trade and accelerating development and structural transformation. In spite of the very modest results achieved so far in the on-going process, the strategy remains a major instrument for the region in overcoming the problems of economic fragmentation, promoting economic diversification and inter-linkages among production units in various countries.

671. The coming into force in 1993 of the Abuja Treaty establishing the AEC opened a new chapter in the history of African economic integration. The Treaty is yet the most comprehensive expression of Africa's political commitment to build a viable, continent-wide economic community; it places great emphasis on the role of integration in promoting economic self-reliance and an endogenous and self-sustained development. The Treaty assigns top priority to the development of regional production structures, with appropriate supportive infrastructure, and the coordination and harmonization of economic and social policies within and between the subregional communities. This is expected to serve as a vehicle for the rapid expansion of intra-African trade, and for enhancing Africa's effective participation in the evolving global linkages and interdependence of production enterprises.

672. Meanwhile, significant institutional changes have taken place at the subregional levels in Africa in 1994. In West Africa, while ECOWAS was still seized with the problem of rationalizing the inter-governmental organizations (IGOs) in the subregion, seven ECOWAS member States (Benin, Burkina Faso, Côte d'Ivoire, Mali, Niger, Senegal and Togo), all members of the West African Monetary Union (UMOA), signed, on 11 January 1994, a treaty establishing the UEMOA, which subsequently absorbed the "Communauté Economique de l'Afrique de l'Ouest" (CEAO). In North Africa, some tentative efforts aimed at integrating Egypt and the Sudan into the Arab Maghreb Union (AMU) are in progress. In Central Africa, the Heads of State of the UDEAC have taken the first steps towards the transformation of the organization into an Economic and Monetary Union. In Eastern and Southern Africa, the Preferential Trade Area for Eastern and Southern Africa (PTA) has been transformed into the Common Market for Eastern and Southern Africa (COMESA), and South Africa became a member of the Southern African Development Community (SADC). See Boxes XII.1 and XII.2

B. Developments in West African Subregion

673. The revised ECOWAS Treaty, signed in 1993, constitutes a watershed in the development of the Community. Apart from seeking to consolidate and expand the achievements of ECOWAS, it aims to

tackle, more seriously, the problem of multiplicity of IGOs in the subregion, strengthen the executive capacity of the ECOWAS Secretariat and expand the political functions of the Community. More important, it formally accords supranational status to ECOWAS as the sole and representative institution for the West African subregion, and endeavours to deal with the problem of arrears and uncertainties in the financial contributions from its sixteen member States by introducing an independent tax base in the form of a Community levy on imports from non-member countries. It added peace-keeping functions to the ECOWAS list of objectives, and created several new Community institutions and specialized technical commissions.

1. Progress with integration

674. After twenty years of the signing of the original Treaty, ECOWAS has made only limited progress towards the implementation of its principal objective; namely, the establishment of a customs union and a common market. The Community has developed a comprehensive programme, which includes trade liberalization, the free movement of persons and goods, rights of residence and establishment, facilitation of intra-regional payments, monetary cooperation, improvement of transport and communications, and cooperation in sectoral activities, including agriculture, industry and energy.

675. The objective of the ECOWAS Trade Liberalisation Scheme (TLS), which came into effect in January 1990, is the progressive establishment of a customs union among the member States of the Community, the elimination of customs duties and non-tariff barriers, and the establishment of a common external tariff. To achieve these, customs duties and all other taxes of equivalent effect were to be consolidated at the rates prevailing on May 20, 1979, with no further imposition of new duties or increases in existing ones. No new non-tariff barriers were to be created and those already in existence were not to be increased. The elimination of customs tariffs and taxes of equivalent effect on imports of industrial products was scheduled to be completed within 6 to 10 years according to the level of development of the member States, based on a three-fold classification, and the priority or non-priority nature of the products involved. But the TLS is yet to be implemented in most ECOWAS member States, and ECOWAS, after more than five years of the commencement of the scheme, is yet to become a Free Trade Area. The few coordination measures of macro-economic policy between member States that has been achieved in the West African subregion has been among member countries of the CFA franc zone, and this has been facilitated by their use of a common currency.

676. In accordance with the ECOWAS trade liberalization programme, unprocessed goods and traditional handicrafts certified as

originating in member States of the Community,[102] may circulate freely among member States, exempt from all duties and taxes of equivalent effect, and free from quantitative restrictions. For industrial products, the rules stipulate that to qualify as a Community product, a product must comprise materials of Community origin equivalent to or higher than 40 per cent of its total materials content (value added of at least 35 per cent of the ex-factory price before tax) and be produced in an enterprise with 25 per cent equity ownership by Community nationals. But again, little progress has been made in the implementation of these provisions since only a handful of countries have ever submitted their industrial products for admission into the scheme. Moreover, no substantive actions have been taken so far with regard to programmes in the agricultural and industrial sectors, although some preliminary work has been done on the preparation of an industrial master plan for the subregion. As a result of slow progress in implementing the TLS, the recorded intra-ECOWAS trade has increased only slightly, and is still far below 10 per cent of the subregion's total trade.

677. As far back as 1979 ECOWAS adopted the protocol on Free Movement of Persons and the Right of Residence and Establishment, to be implemented in three phases. The first phase, establishing the right of entry, abolition of visas and issuance of stay permits for up to 90 days, has been largely implemented with relative success. Still, implementation has been plagued by administrative and political difficulties, such as the lack of well equipped customs immigration posts, cumbersome customs and immigration procedures, inadequate orientation in ECOWAS rules, on the part of the general public and national officials, particularly customs and security officers. Furthermore, road blocks, sporadic border closures and expulsion of Community citizens, have impeded rapid progress in recorded trade and the free movement of ECOWAS citizens. At the level of informal sector, however, the official barriers to trade have never been sufficient to deter a high level of informal cross-border trade in the subregion, estimated at almost three times the official value.

678. In the financial area, ECOWAS has two main mechanisms: the ECOWAS Fund for Co-operation and Development, to finance development projects in the priority areas of economic integration; and, the West African Clearing House (WACH), now transformed into the West African Monetary Agency (WAMA), to

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For this purpose, Unprocessed Products are defined as "livestock, fish, plant or mineral products that have not undergone any industrial transformation", as listed in the Official Journal, Vol. 5 (Supplement); and Traditional Handicrafts are described as "articles made by hand with or without the help of tools, instruments or devices that are activated directed by the craftsman", as listed in the Official Journal, Vol. 3.

facilitate intra-regional payments. Still, there are insufficient correspondent banking relationships within the subregion, though the experience of the ECOBANK, a transnational commercial bank owned by private shareholders in five West African countries (Benin, Cote d"Ivoire, Ghana and Nigeria), is a promising development.

679. Presently, the West African subregion has the largest number of IGOs (about 40 in all), and their multiplicity imposes a heavy burden on the budget of individual states without corresponding benefits. Three of these IGOs (CEAO, ECOWAS and MRU) were multi-purpose subregional integrating institutions until the merger of UMOA and CEAO into UEMOA, which now replaces the CEAO as the third multi-purpose subregional organization in West Africa. In order to streamline the institutional arrangements for economic integration in West Africa, the ECOWAS Council of Ministers had agreed in 1993 on a ten-year plan for the harmonization and rationalization of the West African IGOs, so that by the year 2005, all the remaining IGOs would have been transformed into specialized agencies of ECOWAS. This programme includes the merger of the West African Health Community (WAHC) and the Organization for the Campaign against Major Diseases (OCCGE), the transformation of the West African Clearing House into the West African Monetary Agency, and the harmonization of the activities of the then CEAO and the Mano River Union, with those of ECOWAS.

2. Priority areas for future action

680. The revised ECOWAS Treaty has set the stage for the organization to consolidate its achievements and strengthen the integration process in the West Africa subregion. What is now critically urgent is its ratification, and the rationalization of the activities of UEMOA and ECOWAS. On the face of it, the latter should not present an insurmountable difficulty since member States of UEMOA, in the preamble to the UEMOA treaty, have already reaffirmed their faith in and commitment to ECOWAS objectives, and have publicly expressed that they see UEMOA as a catalyst for West African integration. With that hurdle out of the way, ECOWAS should be able to proceed much faster with the implementation of its programmes, and with rearranging its priorities, so as to give more emphasis to the coordination of economic and social policies in the West African subregion. Among programmes that are high on the ECOWAS list of priorities for the 1990s are: the integration of production structures such as would generate new linkages among production units in the subregion; the coordination of energy production and utilization; further development of the subregional infrastructure of transport and telecommunications; and the implementation of a subregional food security programme.

C. <u>Developments in the Eastern and Southern Africa subregion</u>

1. PTA: From Trade Area to a Common Market

681. Established in 1978, the PTA laid the groundwork for the formation of the COMESA in 1993. This transformation had indeed been foreshadowed in the objectives of the PTA which went beyond trade liberalization to include sectoral policy coordination and harmonization. As COMESA, the erstwhile PTA is now poised to build on its achievements so far and move rapidly towards the establishment of a full economic and monetary union.

a. Sectoral Cooperation: Objectives and Achievements

682. The PTA had embarked so far on five main areas of cooperation: (i) monetary, fiscal and financial; (ii) trade development and customs; (iii) transport and communication; (iv) industry, energy and the environment; and, (v) agricultural development.

683. In the area of monetary and financial cooperation, the PTA had already put in place two financial institutions; namely, the PTA Trade and Development Bank, and the Clearing House. The latter, in addition to its clearing activities, has been responsible for the issuance of travellers cheques based on the PTA Unit of Account, which were expected to assist in overcoming some of the problems of intra-subregional payments.

684. The achievements of PTA in the implementation of the programme for trade development and customs cooperation included the establishment of mechanisms for product identification, market surveys, buyer/seller contacts, promotional meetings; upgrading and expanding of the PTA trade information network; establishing an automated system of customs data management (ASYCUDA), and adopting a Protocol on the Rules of Origin. Despite the efforts at liberalizing their trade regimes, however, the Eastern and Southern African countries still have relatively high trade barriers. Intra-PTA import duty rates now stand at about 40 per cent of the regular import duty rates, and most of the countries still use non-tariff barriers such as import licensing, quantitative restrictions and import prohibition, to control imports.

685. In transport and communications, a consistent road user charge system was approved by COMESA in April 1, 1995. In cooperation with the EU, the PTA has also embarked on a project agreement to establish an Advanced Cargo Information System (ACIS), initially in ten of its member States: Burundi, Djibouti, Eritrea, Ethiopia, Kenya, Rwanda, Sudan, Tanzania, Uganda and Zambia. Licensing procedures for heavy vehicles and a PTA third party motor vehicle insurance scheme have been established, while the formation of a Multinational Coastal Shipping Line and the adoption of harmonized telecommunication policies are in the pipeline.

686. For industry, energy and environmental programmes, the PTA has embarked on cooperative programmes in the subsectors of metallurgy,

engineering, chemicals and agro-based industries, particularly standardization and quality control. In line with its Integrated Industrial Development Programme (IIDP), the PTA has undertaken several activities, including pre-feasibility studies on agro- and forest-based industries and pharmaceutical production, upgrading and rehabilitation of foundries, forges, fabrications and machining facilities and standardization and quality control. Decisions have been taken to establish the PTA Metallurgical Technology Centre (PTA MTC) and the PTA Leather and Leather Products Institute, while projects on the development and rationalization of selected small-scale steel plants, the promotion of spare parts production, the development of fertilizer industry, and the rehabilitation and rationalization of cement industries, have already been implemented. An energy plan of action, focusing on joint exploration and utilization of energy resources has been adopted.

687. On agricultural development, the PTA has formulated and developed specific projects, including food crop production and food marketing, prevention of food losses, agricultural research programmes, livestock diseases control, sheep and goat development, manpower training in the control of the tsetse fly and trypanosomiasis, and fisheries and forestry development.

b. Problems of Integration in the PTA

688. Poor transportation, communications and infrastructural links, cumbersome licensing procedures, tariff and non-tariff barriers, and currency inconvertibility and political instability have hampered the development of trade, and slowed the full realization of PTA objectives. Intra-PTA trade continues to be largely concentrated on traditional links between the more developed members of the area - Kenya and Zimbabwe; with the result that its share in total PTA trade, which was only 6 per cent in 1981, has fallen even further to 4.38 per cent in 1990 (Table XII.1). Part of the aims of the new COMESA is to tackle these problems, and move on to consolidate the limited achievements of PTA in the realization of the objectives of a customs union and a common market.

Table XII.1
PTA External Merchandise Trade Indicators

2. SADC: From cooperation to integration

689. Since the signing of the Windhoek Treaty, and the birth of a new South Africa, the greatest challenge facing the subregion is how to pursue the goals of subregional economic cooperation and integration more vigorously. The large but unrecorded cross-border trade between South Africa and the non-members of the Southern African Customs Union (SACU) during the apartheid era, notwithstanding the constraints of economic sanctions, illustrates the huge potential for expanding intra-subregional trade. Estimates

of such unrecorded cross-border trade range from 50-80 per cent of the subregion's official trade volume. Even then, official and unofficial trade together are estimated to be less than 5 per cent of the subregion's total trade, obviously far below the potential for such trade. Therefore, it can be expected that the lifting of sanctions against South Africa and the dismantling of the old barriers that apartheid South Africa had imposed on some of its neighbours, will contribute positively to the exploitation of the subregion's trade and development potentials. This will further be enhanced by South Africa's relatively sophisticated financial system. In fact, South African banks have already begun to open branches in some of the neighbouring states, and developing cross-border financial networks in the host countries.

690. However, post-apartheid South Africa is also a source of some concern to its neighbours, which if unaddressed, may hinder the process of integration in the subregion. The main source of concern is the question of the distribution of the gains from integration among member States: the less developed countries of SADC are more or less worried that, the benefits of free intra-subregional trade would largely favour South Africa, being relatively more developed than the other member countries. In Zimbabwe, for example, there is concern that the country's exports of consumer products, and intermediate and capital goods may be rendered relatively uncompetitive by South Africa's products. Such apprehensions are prevalent among the smaller members of SACU, triggering calls in the past for adjustments in the formula governing allocations from the common pool of customs revenues.

a. The Constraints

691. SADC faces a number of constraints in its efforts to foster a unified subregional market: undiversified production structures, lack of currency convertibility and the shortage of financing for subregional trade, dependence on external finance, lack of policy consistency among member States, varying subregional product standards and specifications, and the problem of rationalizing the activities of SADC and COMESA.

692. With the exception of South Africa and Zimbabwe, few commodities and services are currently produced in SADC countries that are either tradeable within the subregion or not in competition with each other. Consequently, since the days of apartheid, intra-subregional trade has centred largely on South Africa's imports of agricultural products from within the subregion and the exports of consumer, intermediate and capital goods in return. About twenty-five per cent of South Africa's manufactured exports is estimated to be destined for the subregional market, though this is less than 7 per cent of the Republic's global trade.

693. Except for the members of SADC who are in the rand area, the absence of full convertibility between the rand and the other

currencies in the subregion still presents some constraints to intra-subregional trade financing. During the apartheid era, SADCC was highly dependent on donor support, raising substantial resources from external sources to improve subregional infrastructure particularly in the fields of transport and communications, and to some extent in energy. In fact, SADC has inherited a legacy in which almost 88 per cent of the subregional projects were funded from external sources; and here lies the challenge to the new institution to secure adequate and independent resources from within the subregion.

694. Economic coordination is another major problem that SADC countries will have to resolve, given the lack of consistency in some policy areas, disparities in product standards and specifications, and in regulations regarding services, and educational qualifications. The lack of coordination in sectoral policies, in particular, has caused serious duplication, waste and unnecessary bottlenecks in the subregion in such important areas as energy, transportation and agriculture.[103]

695. The parallel existence of PTA and SADC in the post-apartheid era is a difficult issue that SADC has had to deal with since the Windhoek Treaty. The similarities in the objectives of the two organizations in trade liberalization and promotion as well as in sectoral coordination and harmonization are likely to cause difficulties, particularly for countries that are members of both organizations and who, therefore, may be required to abide by regulations that might not be mutually consistent. Pressures for a merger of the two organizations have however come mainly from the donor community, who finds a needless duplication in the parallel requests of the two organizations for subregional project funding. That was why in 1993 a PTA/SADC Ministerial Committee was established to examine and make recommendations on how best to rationalize the activities of the two organizations, after an earlier proposal for a merger had been rejected.

696. While efforts at rationalizing the activities of PTA and SADC are in progress, a review of the PTA Treaty has been accomplished, resulting in the establishment of the COMESA, with virtually the same objectives as SADC. Non-ratification of the new agreement by three of the subregion's most dynamic economies (Botswana and South Africa were not members of COMESA, and Namibia is yet to ratify the COMESA treaty) and the declining share of intra-PTA trade in total PTA trade (Table XII.1) are undoubtedly of concern to COMESA.

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[103] The importance of standardization is recognized by COMESA, who has begun to address this issue, following some surveys in the member States.

Box XII.2:
The Common Market of Eastern and Southern Africa (COMESA)

The Treaty establishing the Common Market of Eastern and Southern Africa (COMESA) was signed in Kampala, Uganda, on 5 November 1993, and its ratification in December 1994 led to the transformation of the PTA which had been established in 1978 as a step towards the establishment of a common market among its member states. The treaty envisages a Customs Union with a common external tariff, followed by a common market and eventually a full economic and monetary union. The aims and objectives of the new organization are to: attain sustainable growth and development by promoting a more balanced and harmonious development of production and marketing structures; promote joint effort in all fields of economic activity and macro-economic policies; cooperate in the creation of an enabling environment for foreign, cross-border and domestic investment; cooperate in the promotion of peace and security; cooperate in strengthening the relations between the Common Market and the rest of the world; and contribute towards the establishment of the African Economic Community. The first meeting of the COMESA Authority took place in Lilongwe, Malawi, from 8-9 December, 1994.

In order to attain these aims and objectives, the COMESA treaty identifies specific areas of cooperation, namely, trade liberalisation and customs cooperation; transport and communications; industry and energy; monetary affairs and finance; agriculture; and economic and social development.

Of the member States of the PTA (Angola, Burundi, Cameroon, Djibouti, Eritrea, Ethiopia, Kenya, Madagascar, Malawi, Mauritius, Mozambique, Namibia, Rwanda, Sudan, Swaziland, Tanzania, Uganda, Zaire, Zambia, and Zimbabwe), Namibia has not ratified the COMESA treaty. Botswana which has never joined the PTA, has also not joined COMESA, while South Africa, which had joined SADC on August 29, 1994, has also not joined COMESA.

b. Future Policy

697. In the light of the foregoing experience, future policies for the enhancement of subregional economic cooperation and integration, in the Eastern and Southern African subregion, must hinge on greater harmonization of sectoral policies, further

convergence of macro-economic policies, and development of cooperative projects. In the agricultural sector, for example, the subregional food security programme will need to focus more on the development of effective policies governing the use of subregional buffer stocks. In the manufacturing sector, national investment policies will have to be harmonized in order to enhance cross-border investment and the location of manufacturing units in favour of the less developed areas of the subregion; while at the same time strengthening the subregion's bargaining position vis-à-vis the large TNCs that predominate in the mining sector. Cooperation is particularly needed at the subregional level for a consistent mining policy focused on changes in mining legislation, investment codes, mineral taxes and agreements with foreign investors, and, the co-ordination of production plans with a view to influencing export prices.

698. In addition to project and policy coordination at the sectoral levels, the agenda for future subregional policy should also include the elimination of tariff and non-tariff barriers and the convergence of fiscal, monetary and exchange rate policies. In order to support subregional trade promotion, the development of banking systems and cross-border financial networks are crucial. The range of services provided by commercial banks should be broadened, while non-bank credit institutions should, like commercial banks, be encouraged to engage in long-term lending and lending to small and medium enterprises.

699. Four main factors would continue to affect the integration agenda in the subregion. The most important is the Abuja Treaty, which basically aims at absorbing subregional communities into the AEC by the year 2028, and which can be expected to play a major role in gradually removing conflicts between SADC and COMESA and preventing duplication of their activities. To complicate matters, an Extraordinary Summit of IGADD Heads of State and Government decided on 18 April 1995 to give consideration to a new initiative involving the revitalization and restructuring of IGADD as an instrument for expanded cooperation and subregional economic integration among IGADD member States. The second is South Africa's admission into the SADC which would require a period of profound adjustment on the part of the Republic and its neighbours. The manner in which the SACU is integrated into the new Community is the third factor that SADC will have to deal with as it moves towards a customs union and a common external tariff. Fourth, the concerns of the least developed member States in the subregion, particularly, as they relate to the preponderant benefits likely to accrue to South Africa and Zimbabwe, will need to be resolved by appropriate corrective and compensatory measures.

C. <u>Developments in the Northern African Subregion</u>

1. The Arab Maghreb Union

700. The AMU, comprising five countries (Algeria, Libyan Arab Jamahiriya, Mauritania, Morocco and Tunisia) is one of the oldest regional cooperation bodies in Africa, and the sole subregional economic community in North Africa. In the early 1960s, the Maghreb Permanent Consultative Committee (MPCC) had been assigned the task of formulating a Maghreb cooperation and integration strategy. In 1989, the treaty formally establishing the AMU was concluded with the objective of establishing a Maghreb Common Market and Customs Union, to take effect from 1995. But progress of integration in the subregion has been slow, thanks to high tariff and non-tariff barriers and the weakness of the regulatory procedures of the Union. To date, import licensing systems and payment restrictions between countries of the subregion are in still in force. Moreover, the lack of internal policy convergence, political instability, and non-complementarity of production structures have impeded the development of effective economic relations and inter-industry cooperation within the subregion.

701. A number of underlying differences among members of AMU have militated against the progress of economic integration. Following independence, Algeria established a centrally planned economy, emphasizing heavy industry. Morocco and Tunisia also followed the model of a planned market economy. Libyan Arab Jamahiriya, on the other hand, has pursued a system of internal development based on direct participation and management by the peoples communities. Lack of coordinated political decisions have seriously strained relations among some of the members. For example, differences in political stance during the Iraq-Kuwait war in 1990 and on UN-imposed sanctions on the Libyan Arab Jamahiriya have seriously disrupted relations among AMU members.

702. More serious is the small volume of intra-subregional investment and labour mobility in the subregion due to administrative and structural barriers, and the relatively low level of development of financial and infrastructural linkages. At present AMU acquires most of its investment and finance flows from the EU, which accounts for over 40 per cent of the Maghreb's total aid inflows. Cooperation with Europe is seen generally as opening up new relations that could possibly culminate in a mutually-beneficial economic area.

703. Nevertheless, there are ongoing political efforts at incorporating more countries into the union. This is encouraged by the presence of large markets in neighbouring countries, such as Egypt with a population of over 55 million, and the Sudan, with abundant potential for the production of agricultural raw materials. Egypt has already applied to AMU for the status of an observer and Sudan might follow suit given its ongoing economic cooperation schemes with Libyan Arab Jamahiriya and Egypt.

2. Trade and Sectoral Cooperation

704. So far, sectoral cooperation in AMU has been mainly in energy. Algeria plans to supply gas for electricity generation in Morocco through the Europe-Maghreb pipeline scheduled to commence operations in 1997. Still, intra-Maghreb trade in energy is small. The countries of the subregion import most of their oil requirements from United Arab Emirates (UAE) rather than from Algeria and Libyan Arab Jamahiriya. These two countries could supply about three-quarters of the subregion's oil requirements, but are at present not given the opportunity to do so, because of the concessionary nature of loans and credit cover obtained from banks in the UAE.

705. Industrial cooperation has however progressed well in hydrocarbons. Algeria used to export liquified natural gas to Tunisia through the expanded Trans-Mediterranean pipeline which runs into Tunisia, Italy and Slovenia. Work has started on the 1870 kilometres Maghreb-Europe gas pipeline, to carry an initial 7.3 billion cubic meters to Spain and Portugal via Morocco.

Table XII.2
Intra-Maghreb Union Exports
(millions of US dollars)

706. Trade among AMU countries has registered some progress in recent years (Table XII.2). For example, exports of Algeria to the Maghreb countries are increasing at a fast rate, with those to Libyan Arab Jamahiriya doubling between 1990 and 1991, and those to Morocco registering a three-fold increase between 1989 and 1991. Similarly, the exports of Morocco to Algeria have recorded a substantial increase of 91.3 per cent and 28.2 per cent, respectively, in 1990 and 1991. Similarly, Morocco's exports to Libyan Arab Jamahiriya rose from 2.5 per cent to 4.6 per cent between the pèriod 1989 and 1991. Tunisian trade with Libyan Arab Jamahiriya has substantially picked up, with an all- time record of 226 per cent increase between 1988 and 1989, and more modest increases of 32 per cent and 25.5 per cent, respectively, in 1990 and 1991. However, intra-Maghreb trade remains still small, both in volume and magnitude. During 1989-1993 total trade within the union grew by 8 per cent, amounting to $2 billion or less than 4 per cent of the AMU's total trade in 1992.

3. Future Prospects

707. The small volume of intra-Maghreb trade, so far, does not seem to fully reflect the opportunities and potentials for cooperation in the subregion. As explained earlier, the trade of the Maghreb subregion is oriented towards Europe rather than towards the Maghreb countries themselves. What is urgently needed, therefore, is more intra-regional cooperation for the rational utilization of

the natural, human and financial resources of the subregion, and the strengthening of trade relations and the harmonization and coordination of sectoral policies. This will enhance the chances and the capability of the region to address most of its critical development problems, in particular food security. Food imports in the North African subregion is presently more than half of Africa's total food imports. The Maghreb has an import dependency ratio estimated at 58 per cent, owing to the decline in food production, rising food demand and rapid population growth. At the top of the list is Libyan Arab Jamahiriya, with an import-dependency ratio of 85 per cent, followed by Algeria (80 per cent), Tunisia (68 per cent), Egypt (44 per cent), and, Morocco (14 per cent).[104]

708. In order to foster the integration process, future efforts should focus on implementing the provisions of the Treaty, in particular those dealing with the setting up clearing houses; establishment of a free trade zone; the gradual elimination of tariff and non-tariff barriers; the undertaking of joint ventures and projects, particularly in the energy and industrial sectors; and, technical and scientific cooperation. Above all, the AMU needs to recognize that it is through successful integration programmes that it will be in a position to face the challenges that may arise from the growing waves of regional economic blocs. To strengthen the institutional framework, the AMU must grapple with the question of establishing a stronger permanent secretariat, and the administrative structures that will serve as a common platform for negotiations with other economic blocs.

D. Developments in the Central African Subregion

709. Although the Central Africa subregion has had a long history of cooperation among its members, intra-subregional trade and sectoral cooperation remain only marginal. The two main cooperation IGOs in the subregion, ECCAS and UDEAC, have each embarked, separately, on a programme of sectoral cooperation in the areas of food and agriculture, industry, transport and communication. ECCAS in particular has since its establishment in 1985 formulated a trade liberalization programme, aimed at harmonizing trade rules and regulations in the subregion, including those governing origin, and the eventual evolution of a common external tariff; but nothing has as yet been implemented. Although ECCAS is the only economic grouping which embraces all the countries of the subregion, it, in fact currently exists only in name, as its secretariat has ceased to function due to shortage of operational funds. UDEAC is made up

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3/ The figures are for 1993/94, from FAO, Food Outlook, No. 10, 1994, Table A.26, p.29,; and FAO, Agriculture: Towards 2010, Report of the 27th Session, 6-25 November, 1993.

of 5 member States, but it too has failed to accomplish its objectives, other than the monetary union. The third economic community in the subregion, "Communauté Economique des Pays de Grands Lacs" (CEPGL), is currently functionally inactive, due to the prevailing situation of civil war and the insecurity in the area. Made up of three countries: (Burundi, Rwanda and Zaire) CEPGL has achieved only limited success in the areas of energy cooperation, agronomic research and transport, despite its comprehensive programme of economic cooperation and integration.

710. The problems of integration in the subregion arise mainly from political instability, high intra-subregional transportation costs, inadequate resources, poor physical infrastructure and severe financial constraints as a result of the non-payment of membership dues. Some of these problems are expected to be addressed by the ongoing transformation of the UDEAC into the Central African Economic and Monetary Union (CEMAC). According to the CEMAC Treaty, signed in March 1994, the organization is intended to develop the subregion's human and natural resources, reinforce national solidarity for subregional cooperation, and provide renewed impetus to the process of full economic and monetary union in the subregion. The problem of overlapping membership cuts across subregions. The CEPGL countries are members of ECCAS and COMESA; and, Angola is a member of CEMAC, SADC and COMESA.

E. <u>The Challenge of African Economic Cooperation and Integration and the Way Forward</u>

1. Expanding Intra-African Trade

711. In spite of sustained efforts at regional economic cooperation and integration, the African region remains beset by weak cross-border economic links, of which the very low level of intra-regional trade is the most obvious manifestation. Intra-African trade accounted for only seven per cent of the region's total trade in 1993.

712. From projections by UN-ECA, intra-regional trade could reach almost 25 per cent of total trade by the year 2008 under more favourable conditions. As the removal of trade barriers encourages each country to specialize in producing items for which it has a comparative advantage within its subregional economic grouping, the volume of output and of exports in each country would expand, thereby boosting the level of trade among them. In West Africa, there are significant prospects for intra-subregional expansion in the exports of petroleum products. Nigeria, which already provides a significant proportion of such exports to ECOWAS countries, could also export its coal to those countries. Likewise, given Nigeria's large domestic market for imports of food and manufactured goods, the country could obviously absorb more of such products from the neighbouring countries. Ghana could also, further expand its export trade to other ECOWAS countries in commodities such as pineapples,

wood products, textiles, leather and leather substitutes, chemical products, electrical appliances, manufactured tobacco, matches and candles.

713. Côte d'Ivoire has cotton, natural rubber, sugar, refined oils and soap. The petroleum refining facilities in Abidjan has the capacity to refine up to 300,000 tons per annum. Since Nigeria's refining capacity is insufficient to meet local demand, its crude oil could be refined in Abidjan, and re-exported to Nigeria and other African countries. Similar arrangements could also be worked out to expand trade between Nigeria and Sierra Leone.

714. Senegal's petroleum and natural gas reserves, if exploited, could be exported to neighbouring countries. Hydroelectric power generated from the River Gambia could be exported to Guinea, Guinea-Bissau and other neighbouring countries within the framework of a subregional energy co-operation. Phosphate deposits in Senegal could open the way for fertilizer exports to neighbouring countries. If such trade potentials are fully exploited, it would be possible for ECOWAS countries to increase the share of intra-ECOWAS trade by up to 25 per cent of their total trade within a decade.

715. The Eastern and Southern African subregion is well endowed with a strong energy resource base and abundant supplies of raw materials. These include natural gas, coal, hydro-electric energy, phosphate rock, sulphur or pyrite, sylvanite or carnality for potash. For example, the estimated annual planned production of Ugandan phosphate fertilizer is about 75,000 tons of concentrates, equivalent to 386,000 tons of single super phosphate. Zimbabwe's fertilizer industry has a capacity of 600 tons per day. These two countries can certainly be major exporters of fertilizers needed in the agricultural sectors of other countries in the region. With the development of iron and steel industrial complexes in Angola, Kenya, Madagascar, Mauritius, Mozambique, the United Republic of Tanzania, Uganda, Zambia and Zimbabwe, a number of products, including sponge iron, pig iron, blooms, and billets, could be traded with other countries in the subregion. The direct demand for crude iron and steel in the subregion is estimated to double between 1990 and 2000, from 2.9 to 6.5 million metric tons.

716. In agricultural products, there is great potential in Lesotho for production and export of fruits and vegetables to other PTA countries; Swaziland could produce maize, sorghum and millet, fishery and forestry products and export them to other PTA members. Countries experiencing food shortages in the subregion like Ethiopia, Kenya, Malawi, Rwanda and Tanzania could benefit from increased food imports from Botswana, Lesotho, Swaziland and Zimbabwe in years of adequate rains.

717. In Central Africa, one of the most positive factors for economic integration is the huge hydroelectric potential of the

subregion. The current surplus capacity of hydroelectric power is sufficient to ensure the creation of an industrial base in the Central African Community. In addition, the subregion has potential to export power to other subregions, including West Africa. The abundant mineral raw materials -- oil and gas, iron ore deposits, bauxite, manganese, phosphate, potassium salt and coal -- could turn the subregion into a fast growing industrial area.

718. Congo could for instance export cassava to Zaire and phosphate to all the ECCAS countries. Zaire could export surplus hydroelectric power to the Congo, Central African Republic and Gabon. Zaire and Cameroon could develop greater complementarity in industrial relationships. Products such as electric bulbs, cables, and other electric materials and equipment, currently imported by Cameroon from outside the subregion, could be obtained from Zaire. On the other hand, Zaire could import Cameroon's products such as chocolate, confectionery, sweets, perfume, certain school materials, chemical products, etc. Zaire, with its huge potential of copper and sulphate, can supply other countries of the subregion with intermediate and final products. It is interesting to note that, while Central African Republic exports cotton to countries outside the subregion, neighbouring Zaire imports almost the same amounts of cotton from outside the subregion. Cotton could therefore be another major item of intra-subregional trade.

719. The three countries of CEPGL have a diversified source of energy production: namely the methane gas in Lake Kivu between Zaire and Rwanda, the hydroelectric energy of the Ruzizi between Zaire and Burundi, and the combustible peat, coal, and wood industries, etc. These constitute a great potential for the expansion of trade between the three countries. While Rwanda and Burundi can import energy, potassium sulphate and woods from the ECCAS countries, they can equally export a variety of products in return, including agricultural and industrial products like vegetables, fruits, potatoes, biscuits, confectionery and matches.

720. There is also great potential for intra-African trade between countries of UDEAC. Gabon could import food and agricultural products (cassava, plantain, bananas, vegetables) from neighbouring Cameroon, Congo, and Equatorial Guinea, while exporting industrial products such as tricalcie phosphate, clinker, and cement from N'Toun.

Table XII.3
Intra-African Trade by Commodity Class: 1980-92
(Million US dollars)

2. The Challenge and the Way forward

721. Of the numerous problems that have continued to impede the

progress of regional integration in Africa, five need to be emphasized. The first is the lack of competitive production of many industrial products capable of displacing imports from third countries, particularly imported consumer goods from Asia, and the inadequate inter-sectoral linkages that have so far provided limited opportunities for intra-regional trade in raw materials and intermediate products. Since a large proportion of exportable products consists of primary commodities which tend to be competitive rather than complementary, there is little scope for intra-regional trade on the basis of present production structures in most countries.

722. Second, inadequate transport and communication networks have partly contributed to the disjointment of African economies, and severely restricted the movement of goods, persons and capital. In this respect, faster progress in implementing the programmes of the United nations Transport and Communications Decade for Africa, and the Pan-African Telecommunications Network (PANAFTEL), could make a major contribution to the progress of integration and the growth of intra-African trade.

723. Third, the lack of currency convertibility, except among the member States of the CFA franc zone and the Rand Monetary Area (RMA), has restricted intra-regional payments, with adverse effects on intra-African trade

724. Fourth, tariff and non-tariff barriers have continued to present major obstacles. Except for SACU, none of the existing subregional organizations were able to remove tariffs and non-tariff barriers in intra-regional trade, even though the implementation of SAPs has generally reduced the magnitude of tariffs on trade with all trading partners.

725. Fifth, the problem of fair distribution of the benefits of integration among the participating member States of subregional groupings has remained largely unresolved. Experience suggests that the presence of relatively more developed or larger economies, such as in South Africa, Kenya, Nigeria and Côte d'Ivoire, within their respective economic groupings, has usually aroused fears and suspicions of domination and inequity in the distribution of the costs and benefits of integration. These fears have not been completely dispelled by the present institutional arrangements and compensation mechanisms, and the search for acceptable solutions continues. It needs to be recalled that this was one of the major issues that led to the disintegration of the East African Community (EAC) in 1976.

726. It is now generally believed that, in order to effectively address concerns about the distribution of costs and benefits of integration among the member States, compensation mechanisms would need to be supplemented by other corrective measures, such as differential treatment of LDCs in industrial planning, and in the

disbursement of project financing funds as well as greater flexibility in the timing and scale of trade liberalization.

727. Apart from these issues, another area of concern has been the impact of structural adjustment policies (SAPs) on the pursuit of economic integration objectives. While it is recognized that SAPs and economic integration have, more or less, the same long-run objectives of promoting economic growth, some conflicts cannot be ruled out in the short-term. For instance, since many African countries have had to undertake substantial liberalisation of their trade under SAPs, this has reduced the scope for preferential treatment in the liberalization schemes of the subregional communities. For this reason, it has been suggested that the subregional organizations should play a more active role in the design and implementation of national adjustment programmes of their member states in order to maintain consistency in economic policy and avoid conflicts which may undermine integration efforts. In this regard, it can be said that to the extent that the member States of a particular subregion succeed in their integration efforts to harmonize national economic and social policies (monetary, fiscal and exchange rate policies, industrial strategies, and investment policies) the more likely it is that their SAP policies will promote integration objectives.

728. It is evident from this review that the scope and potential for economic integration among African countries is much greater than is often assumed, and that subregional integration could play a key role in reinforcing and expanding intra-African trade flows. But the experience so far in promoting integration schemes in Africa also demonstrates the need for a more dynamic approach and new initiatives to strengthen and deepen the integration process in the region. In this context, the recent Cross-Border Initiative (CBI) by countries in Eastern and Southern Africa deserves particular mention. Launched in 1992 with the support of the African Development Bank, the IMF and the World Bank, as co-sponsors, the CBI aims at speeding up trade, investments and payments in Eastern and Southern Africa and the Indian Ocean. While seeking to operate within the framework of existing integration institutions the CBI operates nonetheless on the principle of "variable geometry" or "multi-speed" approach to implementation that allows smaller groupings within a regional integration scheme to give each other additional and reciprocal concessions so as to advance liberalization and integration within the smaller groupings. Countries that have agreed to move towards implementation of the CBI include Burundi, Comoros, Kenya, Madagascar, Mauritius, Namibia, Rwanda, Seychelles, Swaziland, the United Republic of Tanzania, Uganda, Zambia and Zimbabwe. And the "multi-speed" approach was indeed adopted in the recent Treaty establishing COMESA.

729. The expected benefit from the CBI is that it will enable the most serious member States of an economic grouping or subregion to

make as much progress as they wish and could, without being held back by the slower or less ready members, whilst the latter are, at the same time, afforded the opportunity of catching up later as and when they become ready. But it is still too early to predict the CBI will work out in practice in the African countries.

730. It is against the background of developments in the global environment and the achievements and prospects for subregional integration that the prospective contributions of the AEC to Africa's integration efforts need to be examined. In the context of the Abuja Treaty, the subregional economic communities are the vital building blocs for the AEC, and this was probably why it is stated in the Treaty that the first stage of its implementation should involve:

> "Strengthening of existing regional economic communities and, within a period not exceeding 5 years from the date of entry into force of this Treaty, establishing economic communities in regions where they do not exist".

731. Strengthening undoubtedly requires that the institutional structures for integration at the subregional level should be streamlined by: (i) rationalizing the multiplicity of IGOs, and (ii) strengthening the resource base of the subregional institutions so that they can function and operate more effectively in fulfilling their mandates. In this connection, it is expected that the AEC will facilitate the rationalization of integration institutions at the subregional level while also contributing to the creation of a continental framework for the coordination of subregional economic and social policies.

732. Economic integration is possible only when economic operators have easy access to each other's markets. Therefore, the development of the transportation and telecommunication infrastructure is crucial to the success of the process. Greater progress within the framework of the United Nations Transport and Communications Decade for Africa and the Pan-African Telecommunications Network (PANAFTEL) will be instrumental in the development of integrated systems in these spheres.

733. The AEC must also aim at two further contributions in its early years. First, it needs to use the continent-wide protocols drawn up under the Treaty on a wide range of issues to impart some measure of harmonization on those issues at the subregional level, particularly where disparate policies (e.g., the rules of origin), have been a hindrance to the growth of intra-subregional trade. In this connection, the protocols on trade, the free movement of persons, the right of residence and establishment, could set the tone for the regional and subregional harmonization of those issues. Second, given the functions of the proposed Economic and Social Commission (ECOSOC) of the AEC, including the preparation of policies, strategies and programmes for cooperation in the

economic and social fields, the AEC, with the assistance of the Specialized Technical Committees, needs to encourage the coordination of economic and social policies at the subregional level where the various organs of the AEC are most needed in the early years of the implementation of the Treaty.

PART FOUR

SPECIAL STUDY

XIII. GENDER DISPARITIES IN FORMAL EDUCATION IN AFRICA

A. Introduction

734. Shortly after political independence, African countries experienced spectacular growth in formal education, as Governments invested heavily in the sector. For instance, the adult literacy rate, estimated at about 9 per cent in 1960, increased to 45 per cent by the mid-1980s. Primary school enrolment increased by an average annual rate of 7 per cent between 1960 and 1980, while enrolments at secondary and tertiary levels expanded even more rapidly, growing at 12.4 and 14.9 per cent respectively. However, since the 1980s, in consequence of the severe socio-economic crisis and the unprecedented population growth rates, the education sector has been subjected to severe budgetary pressures. For instance, the regional per capita expenditure on education has dropped from around $33 to $15. In many countries, capital spending has almost ceased, and cut- backs in recurrent expenditures mean that teachers' salaries are absorbing the bulk of the recurrent expenditure allocated to the education sector. The effect of those developments, as indicated by UNESCO data [105], has been a sharp decline in school enrolments ratios in sub-Saharan African countries, from an average of 8.9 per cent in 1975-1980 to 2.1. per cent in 1980-1987. Of particular concern is the decline in the growth rate of enrolment at the primary level, from 8.9 per cent to 2.9 per cent over the same period. The corresponding declines in growth rates for secondary and university levels were 11.9 per cent to 6.0 per cent and 11.1 per cent to 5.7 per cent, respectively. Qualitative decay, not only in what is learnt but also in physical equipment, is further exacerbated by irregular attendance at or flight of teachers from classrooms, due to low and even unpaid salaries and incomes whose real value is dramatically reduced by unremitting inflation and currency devaluations.

735. The primary objective of this study is to show that female students are disproportionately affected by the crisis in African education and to suggest ways of bridging the identified gender gaps. To that end, the study is divided into four main sections as follows: section one reviews male/female participation at the various educational levels in Africa, and indicates that serious gender gaps characterize the entire African educational system but are most marked at the tertiary level; section two argues that culture and perceptions of parents, the impact of teachers' attitudes on the perceptions of students and SAPs are among the major constraints to female access to education; section three examines the implications for future actions; while section four discusses recommendations for future policy orientation, in addition to summarizing the conclusions of the study.

B. Male/Female Participation at the Various Levels in African

[105] UNESCO, Statistical Year Book 1992, Paris.

Education

1. The importance of education for all

736. Available indicators point to the fact that the goal of education for all by the year 2000, as set by the World Conference on Education for All, held at Jomtien, Thailand, 5-9 March 1990, will not be attained by most African countries. Moreover, the quality and length on education is also critical if people are to achieve and retain at least functional literacy, whether through schooling or through non-formal education. Low quality and wastage are interrelated, and an especially perturbing fact is that the proportion of pupils dropping out before completing grade 4 has increased in recent years. The sheer scale of departures at such an early stage must be of great concern. According to UNESCO, the first 4 years of schooling are critical for the attainment of literacy. Apart from the fact that this level is most crucial for acquisition of basic needs, increasing drop-out rates suggest an unnecessary and huge waste of meagre resources. However, this report does not see access to education merely in terms of initial enrolment, but rather in relation to continuous participation throughout the educational process. A relatively holistic approach is therefore taken because of the strength of interrelationship not only between different aspects of educational participation, but also between the educational sector and all other sectors.

BOX XIII.1

The Benefits of Education for all

There is a common saying that If you educate a man you educate an individual but if you educate a woman you educate a nation. It has long been recognized that widespread provision of education, especially at the first and second levels, is a prerequisite for sustainable and long-term socio-economic development and poverty reduction. High levels of illiteracy are antithetical to productivity and effective participation in the development process. It is in recognition of this fact that in the 1960s and 1970s African countries allocated large proportions of their GNP - second only to defence - to the education sector.

Reducing gender gaps in education has even greater ramifications for sustainable development. For instance, World Bank studies indicate that educating females is probably the single most important step a developing country can take in its fight against poverty. The results of a research by King and Hill*, indicate clearly that, were educational policies to encourage investment in female education, the returns would be positive not only in terms of life expectancy for both males and females, and fertility levels, but also in terms of infant and maternal mortality. Some data have indicated that a rise of 10 per cent in female enrolment can be expected to lower infant mortality per 1,000 live births by 4.1 deaths, in the case of elementary schooling and by 5.6 deaths in that of secondary education. A 10 per cent increase in female primary school enrolment is calculated to decrease maternal mortality per 100,000 births by 33.1 deaths. It is now widely established that failure to raise the education of women to the same level as that of men imposes an enormous cost on the countries' development efforts. When gender gaps in education are pervasive, desired improvements in social indicators can be achieved only at much higher levels of economic growth. Since such levels of economic growth do not seem to be on the horizon in most African countries, it makes all the more sense to promote female education.

*. King and A. Hill, Women's Education in Developing Countries: Barriers, Benefits and Policies, World Bank, Washington D.C., 1993, pp. 1-30.

2. First level Education

a. Enrolment

737. Although the female/male gap in formal education continued to close during the 1980s, it did so at a much slower pace than in the 1970s. Table XIII.1 presents percentage rates of first-level enrolment and illiteracy among males and females in Africa. As indicated by the table, widening gender gaps at the primary level are evident in 12 countries for which statistics are available. Among them, the gaps worsened in four countries - Burkina Faso, Chad, Guinea and Angola. Those cases, as well as the general slackening of improvement in gender gaps in formal education in the Africa region, have direct negative implications for the low female/male ratios among professionals, including teachers - especially those at secondary and tertiary levels. This in turn helps to perpetuate the gender imbalance among students not only in terms of numbers but also in subject choices and career options.

Table XIII.1

738. With socio-cultural pressures that give priority to male education over female education, the tendency has been for the latter to suffer disproportionately, and for the education gender gaps in many African countries to widen or stabilize, most overtly in terms of the ratio between female and male school enrolment. This, as we have argued, has many ramifications and consequences for development. The social and economic benefits of female education, especially at the basic level, have been shown to be greater than those of male education, and indeed, "failing to invest adequately in educating women can reduce the potential benefits of educating men "[106].

739. For reasons that will be discussed later, priority has always been given to male enrolment in the rapid educational expansion in African developing countries. The result is that, although the expansion of educational systems may have led to increased female enrolment and attainment, it has been less successful in reducing or eradicating gender differentials. If anything, progress in reducing male/female differentials at elementary level has slowed down significantly since 1980. In recent years the rates of growth of total enrolments at all levels of education have declined in comparison with the 1970s and early 1980s. However, those rates have remained positive, implying that total enrolments have continued to increase, although not fast enough to prevent enrolment ratios from falling at all levels of education. Thus,

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[106] M. King and A. Hill, op. cit., p.1.

first-level enrolment grew apace from 45,148,000 in 1975 to 63,885,000 in 1980, an average annual growth rate of 7.2 per cent. The annual growth rate fell to 2.1 per cent during the period 1980 to 1990, resulting in an enrolment of 78,282,000. First-level enrolment grew apace from 45,134,000 in 1975 to 63,922,000 in 1980, an average annual growth rate of 7.2 per cent. The rate fell to 2.8 per cent during the period 1980 to 1991, giving an enrolment of 78,282,000. During both periods, the rate at first level was slightly greater: 8.0 per cent and 2.3 per cent, respectively. Female enrolment in 1975 of 18,844,000, or 41.7 per cent of total elementary enrolment, rose to 27,716,000 in 1980, or 43.4 per cent of enrolment, and to 34,928,000 in 1990, or 44.6 per cent of enrolment. Table XV.2 shows the gross ratios for primary education by region in 1980 and 1990.

Table XIII.2

740. In the attempt to compare national statistics among African countries, it is easy to lose sight of the scale of local variations: those are not only between urban and rural areas, but also between different rural areas, between different parts of urban areas, and between local areas. For example, in three neighbouring rural schools covering all six elementary grades in southern Shewa, Ethiopia, the combined enrolment in the academic year 1990/1991 was 711 males and 67 females, a ratio of 10.7 boys to every girl. Excluding Grade 1, the ratio was 15.7 boys to each girl [107]. This contrasts with 1989/1990 national figures for elementary enrolment of 1,611,000 males to 1,051,000 females [108]. The education gender gap is generally less severe in northern parts of Ethiopia than in other parts of the country. Along with the need to understand why local differences have arisen in African countries, such variations have direct implications for national intervention strategies aimed at reducing the gender gap. Table XV.3 shows selected countries in which less than 12 per cent of female elementary students were in grade VI. One of the most common features of the developing countries is that the higher the level of educational enrolment and the faster it is increasing, the smaller the gender gap in the urban areas. However, attributing educational differences between urban and rural Africa to mere geographical location would be to oversimplify matters. Other factors, such as parent's income and education, school quality and labour opportunities, would also have to be given due weight.

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[107] Peter W. Esmonde, Education and Gender in Ethiopia: The Case of Dalocha, p. 8, paper presented at the Eleventh International Conference of Ethiopian Studies, Addis Ababa, April 1991.

[108] Ethiopia Statistical Abstract 1990 (sic), Addis Ababa.

Table XIII.3

a. Drop-out and attainment

741. Worldwide, earlier female than male drop-out is the rule rather than the exception, both currently and historically. While early marriage is an important factor in non-continuation of schooling in Africa today, especially for rural girls, the main reason why both boys and girls drop out of school is difficulty in meeting the cost of education and the opportunity costs of staying at school, in terms of forgone earnings. In Malawi lack of cash (quite apart from opportunity costs) was just as important a cause of female drop-out as early marriage and pregnancy[109]. In northern Shewa, Ethiopia, Pankhurst found that opportunity costs were more commonly a cause of early female drop-out than cash costs.[110]

742. It is sometimes assumed that it is the less gifted children who drop out of schools. This is not necessarily the case. With greater or lesser parental acceptance, children themselves often choose an option which reflects their economic and socio-cultural context. Girls are often intelligently aware that their opportunities are very limited. Research in Africa and developing countries elsewhere shows educationally gifted girls taking that into account and dropping out of school "to become early achievers in the alternative female status ladder as young mothers".[111] Many girls see the school as just an interlude before getting on with the only career realistically offered them, motherhood. As with low female enrolment, the underlying social factor influencing high levels of drop-out by girls compared with boys is the low status accorded to females.[112] In much of Africa, female attainment rates (years in school) are poor and drop-out rates are significantly worse among girls than boys. This closely reflects parental cultural perceptions. Molyneux notes that generally in the Third World "female absenteeism and high drop-out rates reflect parental prejudice against the value of educating girls, and also

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[109] L.E. Davidson and H. Kanyuka; Education for Development; Report of the Survey Team on Education in Malawi; 1984 p. 25.

[110] Helen Pankhurst, Gender, Development and Identity: An Ethiopian Study, London and New Jersey, 1992, p. 40.

[111] Judith Ennew and Brian Milne, The Next Generation: Lives of Third World Children, London, 1989, p. 18.

[112] OAU and UNICEF, Africa's Children, Africa's Future: Background Sectoral Papers, Addis Ababa and New York, 1992, p. 147.

the continuing pressure for them to work in the household or on the land".[113]

743. Drop-out rates tend to be higher in poor countries, especially among girls from low-income groups, and in the rural areas. One reason for the latter in Africa is the fact that rural schools usually receive less effective back-up from the national Government. That includes inadequate infrastructure and poorly trained teachers. When those factors coalesce with the traditional division of labour, in which female children are more involved in domestic production, it is hardly surprising that African drop-out rates are usually significantly higher among girls in rural areas. However, in the following countries, the percentage of the 1987 cohort reaching grade 4 was higher among females than among males: Benin, Botswana, Burkina Faso, Cameroon, Cape Verde, the Comoros, Lesotho, Madagascar, Rwanda, Sao Tome and Principe, and Swaziland. The male/female percentages were equal in Burundi, Mali, Mauritius (100 per cent) and the United Republic of Tanzania. In Madagascar, 75.4 per cent of the 1970 Primary One cohort dropped out over a six-year period, compared with only 4.9 per cent in the Gambia.[114]

744. Table XIII.4 shows the average number of years of schooling that an 18-year-old could expect to have received, in selected African countries. The countries are shown in ascending order of per capita GNP. The gender gap in favour of boys is almost universal and it is worse in low-income than in middle-income countries - almost twice as large as the 0.8 years in the five middle-income ones. Moreover, while males in the latter spent about twice as long in school as in the former, females spent three times as long. This suggests that school-age girls are more affected by poor economic conditions than boys. An expectation of 1.2 years in school on the average (Somalia) or 1.5 years (Burkina Faso and Guinea), is more or less a recipe for maintaining high female illiteracy. Research has shown that, even under the best conditions, between five and eight years of schooling are required for students to gain a working level of literacy and numeracy.

Table XIII.4

c. Repetition and achievement

745. When the statistics are compared with those for the other

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[113] Maxine Molyneux, "Women in Socialist Societies: Problems of Theory and Practice", in Of Marriage and the Market: Women's subordination in international perspective, eds. Kate Young et al., London, 1981, p. 188.

[114] UNESCO, Statistical Yearbook, 1991.

developing regions, it appears that girls in Africa tend to repeat classes more often. This tendency is strongest among females and pupils from low socio-economic backgrounds and from rural areas. As a result of which, differences between these categories of children and those from other sections of society are maintained and reinforced. This is why the problem is too deep to be overcome by merely expanding the availability of schools. While such expansion may increase opportunities, it will not necessarily increase equality of access. A striking example of disproportionate repeaters and pupils of non-standard age among the primary school population was to be found in Guinea-Bissau in 1983/1984 and 1984/1985.[115] There pupils on average, took six years to complete classes 1 to 4 (many took eight years), and only 21.5 per cent were in the class intended for their age-group. The repetition rate was far worse, estimated at 50 per cent for both females and males, and far more than in any other of the selected African countries.[116] In 1988, the percentage of primary school repeaters in Guinea-Bissau was still the highest in Africa (42), followed by the Comoros (37), the Congo (35), Madagascar (35), Chad (30) and Sao Tome and Principe (35) and at least 21 other African countries had a rate of 20 percent or more. As a result of its high rate of repetition, Guinea-Bissau's percentage of pupils reaching the final grade on schedule was far below that of all other countries - a mere 8 (males 8.4, females 7.2)[117]. In Uganda, repetition is worse among girls than boys.[118] In Ethiopia, there were significant female repeater rates nationally in 1987, and girls repeated more than boys in grades 1 and 2 and markedly more after grade 5.

3. Second- and third-level Education

746. In 1975, there were 2,951,000 female students in sub-Saharan Africa, representing 34,7 per cent of secondary school students. By

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[115] Cissoko, M. and Poulton, R.E; "Rural Development and I.N. D. E. in Guinea Bissau" in R.E. Poulton ed. "The Role of Education in Rural Development: Report of seminar held in the Gambia for the Staff of the African Programme of Action AID" Bakau June 22-23, 1987.

[116] Hyde K.A.L., "Sub-Saharan Africa", in king M. and Hill A (ed) Women's Education in Developing Countries; Barriers, Benefits and Policies, World Bank, 1993, p. 107

[117] UNESCO, op. cit, table 5, 1991. The table has no repeaters' figures for its latest year, 1988, in respect of 14 African countries, so there are certainly more than 21 such countries with a repeater rate of 20 per cent or more.

[118] Republic of Uganda, Ministry of Planning and Economic Development, Rehabilitation and Development Plan, 1987/88-1990/91, Vol. II, p. 288, Kampala, 1987.

1980, the number had risen to 5,444,000 and their percentage of the total to 37. By 1990, 10,170,000 or 41.6 per cent of the 24,445,000 students in general secondary education in Africa were females. During 1975-1980, the annual growth rate of second-level students was 11.6 percent and, for females, 13 percent. The latter rates fell during 1980-1990 to 5.2 per cent and 6.4 per cent, respectively[119]. As with first level education, this reflects a significant change of pace.

[119] UNESCO, Statistical Yearbook, 1992.

BOX XIII.2

Narrowing the Gender Gap in Science and Technology Education in Ghana: The Annual Science, Technology and Mathematics Education Clinic

In order to increase the participation of girls, especially in the field of science and technology, Ghana has embarked on a project for human and teaching material resource development, institutional capacity building, regional networking and training in educational methodology since 1987. The annual Science, Technology and Mathematics, an integral part of the wider national campaign which aims at developing and maintaining a science and technology culture for national development, is organized for girls from second cycle institutions in Ghana. Between 150-200 girls at senior secondary schools are brought together for a two-week period every year to interact with female scientists brought in as role models. The aim is to give the girls the opportunity to appreciate what is involved in being women scientists. Participants also visit institutions of higher learning and other scientific institutions, and are exposed to eminent personalities and lectures on job openings in science and technology. They are also attached to scientists and technologists at work. Training of trainers workshops are also organized for teachers and student teachers to create the awareness in them regarding gender and science. To further sensitize the population about women, science and technology education, public awareness campaigns are carried out periodically through both the electronic and print media, publication of booklets, stickers, posters and the science clinic magazine.

Source: National Council on Women and Development; The Status of Women in Ghana; National Report for the 4th World Conference on Women, 1994.

747. Of the total of 237,000 tertiary students in Africa in 1975, 929,000 or 25.5 per cent were females. By 1980 they numbered 417,000 out of 1,543,000 (27 per cent) and by 1990, 813,000 out of 2,710,000 (30 per cent). In other words, the female percentage of third-level enrolment had risen by 4.5 per cent over 15 years. The average annual growth rate of overall third-level enrolment during 1975-1980 was 10.7 per cent, slowing to 5.8 per cent in 1980-1990. The corresponding percentages for female enrolment were 12.0 during 1975-1980 and 6.9 during 1980-1990. At the first and second levels, a significant slowing down has also occurred since 1980. With the result that the gender gap at the tertiary level is a problem which could take Africa generations to overcome. Significant structural forms of gender differentiation are deeper and more intractable by the time most women reach the tertiary level. The question is not only about substantial quantitative gaps but also about why certain courses are followed by women and why so many choose lower-level tertiary courses, for example, those leading to diplomas rather than degrees. Conversely, why are so many courses taken by women allowed to remain at diploma level when both the subject matter and the students could be brought to degree level? Table XIII.5 supports the well established fact that, African female tertiary students preponderate in what is frequently defined as soft options, e.g., domestic science, teaching and nursing, rather than in engineering, mathematics and other physical sciences.

748. In view of the forgoing, it is essential that emphasis be placed on narrowing the educational gender gaps at all levels. The secondary and tertiary levels are crucial in the longer term for closing a similar gap in the supply of teachers at all levels -- which in turn plays a part in improving girls' participation in primary schooling. However, the first level must be accorded the highest priority because of its close association with the acquisition of basic needs. In addition, deliberate efforts should be made to ensure that female students enter for male-dominated courses and programmes such as engineering,the physical sciences, technological research, accountancy, and so on. This should be accompanied by encouraging females, to select male-dominated occupations and by desegregating the school curricula so as to improve the training of women in the sciences and mathematics, as well as in technical and vocational training, business and entrepreneurial training, particularly for girls and young women.

Table XIII.5

4. Rising illiteracy rates

749. While the adult illiteracy rate in most African countries appears to have been falling, it may be increasing in some. Somalia's illiteracy rate in the 10+ age group was 39.1 per cent

among males and 52.1 per cent among females in 1975, whereas in the 15+ group it was estimated at 63.9 per cent among males and 86 per cent among females in 1990. In the Sudan the rate in the 10-49 age group was estimated at 55.2 per cent for males and 82.1 per cent for females in 1973. By 1990, in the 15+ age group, the estimates were 57.3 per cent for males and 88.3 per cent for females. It seems likely that armed conflicts were the principal cause of those trends in Somalia and the Sudan. Among the 15+ age group in Zimbabwe in 1982, the corresponding estimates were 15.8 per cent for males and 28.1 per cent for females. In 1990 (for same age group) the estimates were 26.3 per cent and 39.7 per cent, respectively. In that country, the effects of SAPs may have been a dominant factor. Data for Equatorial Guinea indicate a sharp increase in illiteracy compared with rates for the 15+ age group in 1983 of 22.6 per cent (males) and 51.5 per cent (females).[120] Rapid rates of population growth have played a major role in the general growth of illiteracy. The 1987 adult female illiteracy rate was 28 per cent for Zambia and 81 per cent for Guinea. The 1987 combined adult male-female rate for Zambia was 29 per cent, with an estimated improvement to 27 per cent in 1990. The implication is that male illiteracy declined and female illiteracy increased over the three-year period - i.e., a rapid growth in the gender gap. In the case of Guinea, the combined adult male-female rate was 70 per cent in 1987 and an estimated 76 per cent in 1990.[121]

750. There is a particularly serious gender literacy gap in the following countries, where the female percentage of illiteracy is more than twice that for males: Botswana, Ethiopia, Lesotho, Mauritius, Sao Tome and Principe, the United Republic of Tanzania and Zaire. Gabon only just manages to escape inclusion in the list by a narrow margin. It should be borne in mind in the case of Mauritius and the United Republic of Tanzania that they have relatively low illiteracy levels for both females and males, compared with most African countries. In the case of Kenya, the relatively high gender ratio of 83 per cent for 1987 was associated with an even higher ratio - 95 per cent - for primary school enrolment in the same year. In striking contrast, the 1980 illiteracy rates for South Africa were 22.5 per cent for males and 25.2 per cent for females.[122] For percentage illiteracy rates among males and females in some other African countries see table XIII.6.

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[120] Ibid.

[121] 1987 figures are from table 7 in the statistical Annex in UN Economic Commission for Africa, Survey of Economic and Social Conditions in Africa, 1989-1990. The figures for 1990 are taken from table 1 in World Bank, World Development Report 1993: Investing in Health, New York, 1993.

[122] UNESCO, 1992, op. cit., table 1.3.

Table XIII.6

C. Constraints on Female Access to Education

751. The foregoing analysis reveals very low female participation rates at the various levels of the African educational system. A number of factors have been identified as being responsible for that state of affairs. Three major factors are discussed below, namely culture and the participation of parents; impact of teachers' attitudes on students, and, impact of SAPs on differential access to education.

1. Culture and the perception of parents

752. The juxtaposition of cultural perceptions of the female role in society and economic constraints is among the most important determinants of why parents prefer to educate their male children rather than the female ones. Since primary education is neither universal nor compulsory in most African countries, cultural influences on parents prevail to give boys an edge over girls in school enrolment. While overall school-age enrolment may have increased, so too may the gender gap. Many African parents, especially in rural areas where traditional values are more prevalent, have misgivings about education in the modern sector. They fear it may encourage unwanted attitudes, emboldening daughters to defy culturally significant norms and practices considered sacrosanct. In such matters, parents often have different perceptions about the education of their sons and daughters. Even when family costs for the education of sons and daughters are the same, parents may perceive the expected returns as greater in the case of boys. In the context of an economic depression, because of which school leavers have remained unemployed for a lengthier period of time, parental disillusionment with education has added to lower enrolment and higher drop-out rates for both boys and girls. Whether parents feel dissatisfied with formal education or not, their perception that returns are lower for girls' education than for boys' education in relation to various forms of family costs is an extremely important factor, which tends to maintain gender differentials in education.

753. Education tends to provide women with more scope to enter the wage-employment sector of a growing economy. This in turn creates better prospects for daughters, because it produces changes in parental perceptions regarding the returns on female education. Increases in women's wages tend to encourage greater willingness to invest in daughters's education as increases in returns on their

education become apparent.[123] In addition, demographic data indicates that higher levels of education, by raising the age of marriage, are inversely correlated with high fertility levels. It seems that the more daughters are able to earn wages after schooling and before marriage, the more willing parents become for allowing girls to spend time in the labour market. This increases the explicit returns on education and delays marriage; it can also influence the attitudes of grandparents toward female education, which in many or most societies is critical.

754. One of the significant practical considerations parents take into account in deciding whether or not to send their daughters to school is distance. A study in Egypt by the United States Agency for International Development (USAID) found that when the school was 1 kilometre away from home, male enrolment was 94 per cent and female enrolment 72 per cent; whereas when the school was 2 kilometres away, the differential increased, with enrolment at 90 per cent for boys and 64 per cent for girls. Parents frequently perceive the dangers of travelling long distances as graver for girls than for boys; and, in much of Africa, schools are usually far away by more than 2 kilometres. In Egypt, Tunisia and Morocco, it has been found that parents believe their daughters would be exposed to moral and physical dangers if they attended rather distant schools.

2. Impact of teachers' attitudes on students

755. There is no doubt that teachers' attitudes towards their pupils are a major influence on the motivation of the pupils and their subsequent achievement. Teachers' attitudes and prejudices are also pertinent to subject choice. In Africa, those attitudes are embedded in the culturally rooted assumption, often reinforced in textbooks, that the proper future for a girl is to be a wife and mother. In consequence, the small proportion of women in Africa who does succeed at the various levels of education will probably have been steered, in the main, into studying gender-specific subjects which will prepare them mainly for occupations such as nursing and teaching, often at lower elementary levels. At the same time, the belief that girls have less ability than boys seems to be widespread among teachers in Africa. This, in turn, tends to have serious implications, not only for the opportunities open to female students to advance through the educational process; it also makes an impact on the images that girls form of themselves, and thus helps to reproduce and strengthen the disadvantage of women in society.

3. The impact of SAPs on differential access to education

[123] King and Hill, op. cit.

756. There is a general consensus[124] that SAPs, due to their emphasis on reduction in public expenditures, have had a negative impact on the social sector. Health and education have been the hardest hit. With specific relation to education, a recent publication by UNESCO (1994) argues, inter alia: "the reduction in public budgets - clearly one of the major effects of increased debt burdens, stabilisation and adjustment measures - has brought many education systems to a state of shock. Governments have reacted by reducing education expenditures ..., and by implementing policy reforms ".[125] Vulnerable groups, e.g., poor women and children, have been particularly affected. Measures such as social safety nets and social funds to mitigate the social dimensions of adjustment, were only recently designed to specifically address the impact of SAPs on the poorest segments of the society.

757. Poorly adapted SAPs damage progress in women's education on two fronts: (a) they add to the financial burden on parents for enroling their daughters, which, in turn, aggravates the weakness of female, education, especially in rural areas; and, (b) they cause cutbacks in public-sector employment, which affects women more than men and tends to reduce the returns on female education (because women are more likely than men to be unemployed), thus undermining parental interest in schooling for girls.[126] Studies of public-sector retrenchment carried out by ILO/JASPA cite the generally low educational level of women as one of the key factors exposing them to retrenchment more than men.[127] It has also been observed that, where education is no longer a reliable guarantee of salaried employment, parents and their children may find school less attractive, and may indeed be less willing to invest in it, especially if current expenditures on schooling require reduced

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[124] See,for example, UNICEF, Adjustment with a Human Face; Palmer F., "Gender and population in the adjustment of African economies: planning for change", ILO, Geneva 1991; ECA, African Alternative Framework to Structural Adjustment Programmes for Socio-Economic Recovery and Transformation, A Popular Version 1991; and Joel Samoff (ed), Coping with Crisis, Austerity Adjustment and Human Resources, ILO/UNESCO, CASSELL, London 1994.

[125] UNESCO/ILO, Coping with Crisis: Austerity, Adjustment and Human Resources, Cassell, London, 1994.

[126] ILO/JASPA, African Employment Report, Addis Ababa, 1990, in accounting for the decline in women's formal participation in the labour force and in public-sector employment in a number of African countries cites as the most likely factor the recession experienced by most African countries since the early 1980s and especially the various curative measures adopted through the stabilisation and adjustment programmes." (pp.73-75).

[127] ILO/JASPA. loc. cit., p. 75.

family consumption in the present and forgone income over a longer term.[128] Thus, as formal education has come under increasing pressure and, in some countries, has even contracted, girls have been leaving school before boys to an even greater extent than previously. As user charges for education are introduced or increased, the children of the poor will, perforce, have less and less access to education, and those charges may lead to sharpened discrimination against girls[129].

D. Implications for future action

1. Expanding access to education

758. Africa's long-term development strategies must, perforce, devise modalities for integrating women into the main stream of development efforts. Greater female access to education is one of the most critical factors in that process, and must be given the highest priority. Currently, there is an acute shortage, at all levels, of the required educational infrastructure, in Africa. The solution to gender inequities must thus start in that area. For instance, there is no doubt that building more schools closer to where children live should form an important part of the strategies to increase girls' participation in education.

759. Without denying the importance of education at the secondary and tertiary levels, priority needs to be given, in particular, to the availability of primary schools. It is at this level in particular that the greatest returns accrue for poorer communities. Some countries, cognisant of the problem, have already endeavoured to increase the number of rural primary schools. Since many African parents are reluctant to send their daughters to schools located far away from their homes, national and educational planners have to work out low-cost strategies which combine expanded access with greater proximity. There could be experiments with multi-grade classrooms and double shifts at the primary level, together with radio and correspondence courses at post-primary levels and literacy campaigns for adults. But evaluations of such efforts have found that increasing the number of schools is a necessary but not a sufficient condition for raising and maintaining girls' participation, since distance is not the only parental concern. Policies to expand the number of schools will be effective in enhancing female access to education only if they are implemented in conjunction with policies that address various other socio-cultural and economic factors, including the opportunity costs of

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[128] UNESCO/ILO, op. cit., p. 10.

[129] Ingrid Palmer, Gender and population in the adjustment of African economies: Planning for change, Geneva, 1991, p. 144.

education.[130] Much more needs to be done to respond to the financial concerns of parents to provide assurance that parental responses will often not require vast financial outlays on their parts.[131] Liberia tried, from 1979, to develop a programmed learning and multi-grade scheme that would take account of children's needs to fit school flexibly with the working hours of parents. However, perhaps partly because that required pupils to do quite a lot of their study at home, it was found that girls were at a disadvantage compared with boys. Achievement levels were higher among students under the scheme than among those outside the scheme, but the gender gap was larger.

2. Reducing the cost of education for girls

760. In relation to costs, it may be wise and effective to reduce the opportunity costs of girls' schooling as a means of promoting greater female enrolment and participation in education in Africa. However, efforts to do so probably require even greater understanding of local culture and attitudes. Attempts have been made to introduce labour-saving, and, hence, time-saving technologies into homes in order to help release girls and women for participation in educational programmes. NGOs and other organizations have done much to help people modify technologies used in the home in order to cut down on working time, including time spent in fetching firewood (through improved stoves - which, of course, also reduce tree-cutting). Where genuine use has been made of local technologies, there have been spectacular results. Provision of day-care and pre-school centres is another intervention that can provide women and girls with more time.

761. However, unless they form part of a wider strategy, the success of all such interventions to increase female enrolment can be rather limited. Solving the causes of low participation piecemeal, whether with regard to distance, time or anything else, tends to resemble marching towards an ever-receding horizon. That is the problem with all narrowly based measures. Intervention, to be effective, requires a holistic approach and an integrated operation involving a synchronized response to a range of needs, although such an approach also makes for a more economical use of resources in the long run.

762. Larger-scale media campaigns can provide very significant support to other interventions, so long as they are conducted with a sensitive appreciation of cultural norms. Such campaigns should aim at heightening the awareness of the population that education

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[130] Bellew and King, op. cit., p. 291.

[131] Ibid.

is a valuable investment. To that end, instructional materials promoting the education of girls should be made available widely. They could be distributed by extension workers, who should have the task of visiting the rural communities regularly to encourage local participation in the construction and maintenance of primary schools. Quota systems can also be tried as has been done in some countries in order to increase female enrolment. For example, the Malawi Government has since 1992 reserved 33 per cent of places at secondary school level for girls.

3. Offering gender-neutral instruction

763. There has been a general debate, not only in Africa but also in other parts of the world, on the influence of teachers' attitudes on female participation in formal education. The debate points to the fact that girls' decisions to enter low-paid traditionally female occupations are indeed reinforced by notions that, girls are unable to perform as well as boys in the sciences, mathematics and other traditional male domains, such as engineering and agronomy. Such attitudes are reinforced by the use of textbooks which depict women as comfortable in or suited only to occupations which offer little job mobility and low pay.

764. More emphasis is therefore needed on overcoming gender-specific stereotyping of subjects of study, by encouraging more girls to avoid following such courses. Especially at the secondary school level, the process could be mediated by much more emphasis for both boys and girls on, for example, learning english in francophone countries and french in anglophone ones. Again, that would not be successful unless teachers are sensitized about the issue. With regard to textbooks, it may be more practical and cost-effective to concentrate on editing-out gender bias from new textbooks than revising old ones - though, of course, doing so in new editions can come to much the same thing. Admittedly, that will not help if both boys and girls have no textbooks in the first place. As has been indicated, girls' educational participation and progress may be impeded even more than that of boys if they lack textbooks. Furthermore, research is needed into the education gender gaps among handicapped children.

4. Recruiting more female teachers

765. A number of African countries have attempted to raise the proportion of female teachers in schools in the belief that this will help increase female enrolment and lessen drop-outs. That measure in itself might not, however, make a great difference unless both trainees and serving teachers, female and male, are sensitized more effectively with regard to gender equity. Where female teachers are under-represented in schools, and in rural schools in particular, interventions are needed. It is also necessary to recruit locally-based teachers with a view to encouraging them and, if necessary, helping them to work in or near

their home areas. To that end, over-concentration of teacher-training institutes and colleges in major cities should be avoided. A significant part of any programme to increase the proportion of female teachers must be to organize various forms of in-service training of local recruits, chosen by their communities, and holding the confidence of those communities and willing to agree to return to serve them for a substantial period. Given the urban background or orientation of many female teachers in Africa, it is not unreasonable to provide them with some form of compensation in the form of housing subsidies and free travel to their home towns in order to encourage them serve outside their own areas. Somalia attempted to recruit female teachers in rural areas, but failed to open teacher training institutes outside the state capital. Many potential trainees were dissuaded by their parents if it involved studying far from home. So most recruits came in the end from the area around Mogadishu, which already had a surplus of teachers. Once again, a more integrated approach than the one adopted was required; one that included, for example, lowering the minimum qualifications, subsidizing female secondary (and where necessary primary) education and teacher training, and giving rural female teachers the chance to choose to teach near home. There is need also in most African countries for interventions which will assist female teachers to take advantage of promotion opportunities. They should have improved access to promotion-linked courses, such as those which lead to upgrading from diploma certification to degree certification, including access to courses in educational administration and management. In fact, more female teachers should be appointed to administrative positions in the educational system, for example, to posts such as headmistress of a nursery or primary school, principal of a secondary school or chief of a service or director of one of the various departments of the Ministry of Education. This would certainly motivate parents, especially those who have never been persuaded as to the value of women's education, to send their daughters to school.

5. Making SAPs human-centred and gender-friendly

766. Structural Adjustment and Economic Recovery Programmes must incorporate reform in the long-eroded areas of women's inheritance rights, marriage settlements and entitlement to own land. Overall, Governments must make it possible for women to raise capital as easily as men if capital resources are to be efficiently distributed. As Palmer points out, "If adjustment means flushing out inefficiencies and waste, and developing new comparative advantages through investing in higher factor productivities, then a precondition must be recognition of the economic cost of gender-differentiated factor productivities and access to resources".[132] Those necessary goals will not be achieved without incorporating the promotion of women's educational equality, in order to maximize

[132] Palmer, op. cit., p. 5 and p. 162

their ability to defend and restore their rights, to obtain credit for agricultural and other productive purposes, to promote the health of their families etc., thereby benefiting society as a whole. Also, the high proportion of households with females as heads has often been overlooked in adjustment and recovery programmes. There is evidence that household heads have a strong openness towards their daughters' education and the proportion of such households in Africa has been put at 30-50 per cent, especially in rural areas.[133] There is some advantage to be gained if such households can benefit from SAPs rather than if they are marginalized by them.

767. Efforts to promote equity and equality of access to education in Africa as between males and females must take proper account of local, cultural and other conditions. This, of course, does not mean that pre-planning and planning should never be accompanied by action until situations have degenerated; it does mean that there are no simple or uniform solutions. Local participatory evaluation mechanisms will have to be built into the educational interventions from the start. Part of the aim must be to evaluate the extent to which local dialogue and participation were brought in from the earliest possible stage. Participatory evaluation obviates a great deal of waste (in terms of money, local commitment, opportunities missed, cultural blunders etc). The interventions should be coordinated within a multi-dimensional, holistic and integrated process, since social development is a process in which the sectoral and other aspects progress jointly in a dynamic relationship.

6. Making provision for pregnant girls to return to school after delivery

768. It is clearly an example of gender inequity that males who become husbands or who cause extra-marital pregnancies are usually free to continue with their education, while females who become wives or pregnant outside marriage generally tend not to have that freedom and privilege. Efforts should therefore be made to end such discrimination: female students should be given the opportunity to continue with their schooling after delivery. This is already the case in Botswana, where the Ministry of Education allows teenage mothers to be re-admitted to school after two years. The period of interval is set not only to enable the students affected to take care of their babies but also to serve as some form of punishment which may help them redefine the value of education. It is of interest that legislation already exists in Zanzibar which makes it illegal for a man who marries a schoolgirl to withdraw her from schooling. Apparently, that has helped reduce the rate of female drop-outs. More legislation provisions are needed in African countries in regard to those causes of female

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[133] Economic Commission for Africa, 1990, op. cit., p. 84.

drop-out. Of course, legislation tends to have little effect if it is perceived to be at variance with custom; hence, the provision of well adapted information through the media and other channels would have to be made at the same time.

769. Teenage mothers are often unwilling or unable to return to their original school subsequently for fear of being identified by other students and teachers and made the object of ridicule, or for what the school authorities regard as unwhole some demonstration effect on teenage pregnancies. Adequate measures need to be taken to ensure that the students concerned are offered readmission into other schools. Apart from that, they should be provided with the services of a school counsellor able to help provide solutions to their adjustment problems. To reduce the number of teenage pregnancies, it is pertinent that education on family matters be introduced into the school curricula, in particular at the first and second levels of the educational system.

E. Some Policy Recommendations and Conclusions

770. To summarize, this study has argued that socio-economic retrogression has had devastating effects on African educational development. Budgetary and demographic pressures have left the educational infrastructure in a state of decay and disrepair, culminating in extremely poor quality of education at all levels. The crisis is evidenced by the flight of teachers, overcrowding in schools, increasing attrition rates and frequent repeating of grades by students.

771. In specific relation to the issue of participation in the educational system by girls and women, the study indicates that, Africa has one of the worst gender gaps in the developing regions, especially at the tertiary level. Cultural and social influences are some of the strong forces underlying human behaviour which must be taken fully into account by educational planners when formulating strategies of intervention. They must not ignore the fact that the structure of gender relations in African, as in other societies, reflects powerful cultural patterns which often receive confirmation and further transmission in the field of education. As in other parts of the world, gender bias is strongly evident in textbooks in Africa. This, combined with the range of subject options available, teachers' attitudes and the wider socio-cultural pressures, forms a powerful "hidden curriculum" that directly influences girls' perceptions of themselves and of their prospects. Overall, the inferior image of females thus projected probably explains the high attrition rates among girls -- for it has been shown that educationally-gifted girls are as liable as non-gifted ones to drop out of school under the present order of things.

772. Within the framework of policy development and implementation, a number of areas in particular call for attention. The course of action recommended in order to promote gender equity and equality

in access to education in African countries is as follows: reform radically and reorientate the educational system to bring it into harmony with local socio-cultural conditions; reform curricula to emphasize technical and vocational education at all levels of the system; enact and ensure effective implementation of legislation to enforce a minimum basic education of at least 8 years for all; sensitize parents and the community at large about the importance of girls' education and the support they need to be afforded on a continuous basis; establish effective and continuous coordination between all partners in the education sector, e.g., Government, local communities, national and international NGOs, and international organizations; bring education closer to the communities by encouraging and facilitating the efforts of local groups and NGOs to construct and operate schools, especially at the primary and secondary levels; provide a curriculum that incorporates both traditional and modern forms of education; take positive steps to promote and prompt women's interest in scientific and technical education, e.g., through provision of scholarships; introduce labour-saving technologies into homes, day- care and pre-school centres, to help release girls and women for participation in educational programmes.

773. The area of action in which the call for intervention by Government and others is most pressing is that of breaking the vicious circle in which the very numerous poor women in Africa are currently imprisoned. Poor women in Africa are too often beaten down by their struggle for survival to be able to take any advantage of the educational opportunities which already exist and which would enable them to increase their families' standards of living. And unless intervention in favour of such women is given the highest possible priority, we would never be able to overcome the problem of getting them to accept that the education of their daughters is a worthy priority. Education and development in Africa need to have those mothers on their side; but for that to happen, education and training schemes must explicitly be seen by both parents and female students themselves as viable means to increasing their incomes.

Table I.1 African Economic Indicators, 1990-1994

(Percentage Change)

	1990	1991	1992	1993	1994
GDP GROWTH - AFRICA	0.5	2.9	-0.3	0.9	2.4
GDP GROWTH - DEVELOPING AFRICA *	0.8	4.4	0.1	0.9	2.3
AGRICULTURE PRODUCTION(FAO INDEX 1979-1981 = 100)	127.9	133.9	130.9	135.7	138.6
OIL PRODUCTION (MILLION TONS)	321.4	336.4	343.4	339.2	338.2
MINING PRODUCTION INDEX (1990=100)	1.0	-4.0	-8.0	-7.0	...
CONSUMER PRICE INDEX (1990=100)	16.2	29.3	35.4	32.8	45.7
OIL PRICES, BRENT CRUDE ($ PER BARREL)	23.6	19.7	19.0	16.8	15.5
EXPORT PRICES INDEX (1990=100)	15.7	-11.6	-2.1	-7.6	2.1
IMPORT PRICES INDEX (1990=100)	7.9	-2.6	2.1	-2.8	1.6
TERMS OF TRADE INDEX (1990=100)	7.3	-9.2	-4.1	-5.0	0.5
EXPORTS ($ BILLION)	94.9	96.5	94.2	87.9	89.6
IMPORTS ($ BILLION)	90.7	91.7	96.5	93.5	97.8
CURRENT ACCOUNT ($ BILLION)	-5.2	-2.0	-6.2	-7.8	-10.5

Source : Socio-Economic Research and Planning Division, ECA.

* Excluding South Africa

Table I.2 Output Share and Growth Rate By Subregion and Economic Grouping						
	PER CAPITA GDP IN $ AT 1990 PRICES	GDP PERCENTAG REGIONAL SHARE	GROWTH RATE PERCENTAGE AT 1990 PRICES			
	1993	1993	1990-93	1992	1993	1994
NORTH AFRICA	1261.0	40.7	2.0	1.1	1.1	4.0
SHB-SAHARAN AFRICA	506.7	61.6	1.7	-0.7	0.3	0.6
CENTRAL AFRICA	415.1	6.9	-3.9	-5.4	-5.0	-5.4
EAST AFRICA	673.7	12.8	0.1	0.3	-2.4	1.6
SOUTHERN AFRICA	1080.8	29.5	-0.3	-1.3	-3.2	0.4
WEST AFRICA	369.3	17.3	5.2	1.3	4.0	2.1
SAHEL	384.8	5.8	3.1	3.4	-0.7	2.6
SUB-SAHARAN AFRICA (W/O NIGERIA)	588.5	56.4	1.3	-0.9	-0.8	1.3
OIL EXPORTERS	875.8	47.2	1.7	0.6	1.2	1.5
NON OIL EXPORTERS	561.8	52.8	1.9	-0.7	0.3	2.7
LEAST DEVELOPED COUNTRIES	241.6	15.3	0.3	-1.2	0.1	-1.2
OTHERS (NON OIL EXP. NON LDCs)	1224.3	37.5	3.6	-0.3	0.6	4.7
ZONE FRANC	589.0	11.1	-0.9	-1.7	-1.4	1.6
MINERAL EXPORTERS	1134.9	28.0	-3.0	-4.3	-3.3	1.4
BEVERAGE EXPORTERS	253.8	9.7	4.9	-0.3	1.9	0.4
DEVELOPING AFRICA *	555.7	77.7	0.8	0.1	0.8	2.3
SOUTH AFRICA	2776.9	22.2	-0.9	-1.8	1.2	2.1
AFRICA	676.3	100.0	1.1	0.9	2.4	2.4

Source : ECA secretariat.

* Excluding South Africa

Table I.3 Frequency Distribution of Countries According to Percentage Growth Rate of GDP, 1990-1993

GROWTH RATE	1990		1991		1992		1993		1994 **	
NEGATIVE		18 *		14 *		20 *		18 *		12 *
	ALGERIA	LIBERIA	CAMEROON	SAO TOME & P.	CAMEROON	NIGER	ANGOLA	KENYA	ANGOLA	MALAWI
	ANGOLA	MAURITANIA	COTE D'IVOIRE	SEYCHELLES	CENTRAL AF. REP.	SIERRA LEONE	BOTSWANA	LIBYA	CAMEROON	RWANDA
	BENIN	RWANDA	ETHIOPIA	SOMALIA	COTE D'IVOIRE	SOMALIA	CAMEROON	MOROCCO	CONGO	SEYCHELLES
	CAMEROON	SAO TOME & P.	LIBERIA	SOUTH AFRICA	EQ. GUINEA	SOUTH AFRICA	CENTRAL AF REP.	SENEGAL	GAMBIA	SOMALIA
	CENTRAL AF. REP.	SOMALIA	MADAGASCAR	TOGO	ETHIOPIA	SWAZILAND	CHAD	SIERRA LEONE	LESOTHO	SWAZILAND
	CHAD	SOUTH AFRICA	MALI	ZAIRE	GABON	TANZANIA	COMOROS	SUDAN	LIBERIA	ZAIRE
	COTE D'IVOIRE	SUDAN	RWANDA	ZAMBIA	LIBERIA	TOGO	CONGO	TOGO		
	EQUATORIAL GUINEA	ZAIRE			MALAWI	ZAIRE	COTE D'IVOIRE	ZAIRE		
	ETHIOPIA	ZAMBIA			MOROCCO	ZAMBIA	GABON	ZAMBIA		
					MOZAMBIQUE	ZIMBABWE				
0 < 3		10 *		13 *		15 *		13 *		22 *
	BURKINA FASO	GHANA	ALGERIA	GUINEA	ALGERIA	LIBYA	ALGERIA	MADAGASCAR	ALGERIA	KENYA
	CAPE VERDE	MADAGASCAR	CAR	KENYA	BENIN	MADAGASCAR	CAPE VERDE	NIGER	BOTSWANA	LIBYA
	COMOROS	MALI	CONGO	LESOTHO	CAPE VERDE	MAURITANIA	DJIBOUTI	RWANDA	BURUNDI	MADAGASCAR
	CONGO	MOZAMBIQUE	DJIBOUTI	MOZAMBIQUE	DJIBOUTI	NAMIBIA	EQ. GUINEA	SAO TOME & P.	COTE D'IVOIRE	NIGER
	DJIBOUTI	ZIMBABWE	EGYPT	NIGER	GUINEA	SAO TOME & P.	ETHIOPIA	SOMALIA	DJIBOUTI	NIGERIA
			GAMBIA	SENEGAL	KENYA	SENEGAL	GUINEA	SOUTH AFRICA	EGYPT	SAO TOME & P
				SIERRA LEONE	LESOTHO	TUNISIA	LIBERIA		EQ. GUINEA	SENEGAL
						UGANDA			ERITREA	SIERRA LEONE
									ETHIOPIA	SUDAN
									GABON	TANZANIA
									GUINEA BISSAU	ZAMBIA
3 < 6		16 *		15 *		14 *		12 *		11 *
	BOTSWANA	MOROCCO	ANGOLA	MOROCCO	ANGOLA	GHANA	BENIN	MALI	BENIN	GUINEA
	BURUNDI	NAMIBIA	BENIN	NAMIBIA	BOTSWANA	GUINEA BISSAU	BURKINA FASO	MOZAMBIQUE	BURKINA FASO	MALI
	EGYPT	NIGER	COMOROS	NIGERIA	BURKINA FASO	MAURITIUS	BURUNDI	NAMIBIA	CAPE VERDE	MAURITANIA
	GABON	SENEGAL	EQ. GUINEA	SWAZILAND	CHAD	NIGERIA	EGYPT	TANZANIA	CAR	SOUTH AFRICA
	GUINEA	SEYCHELLES	GHANA	TANZANIA	COMOROS	RWANDA	GHANA	TUNISIA	CHAD	ZIMBABWE
	GUINEA BISSAU	SIERRA LEONE	GUINEA BISSAU	UGANDA	CONGO	SEYCHELLES	GUINEA BISSAU	ZIMBABWE	COMOROS	
	KENYA	TANZANIA	MAURITANIA	ZIMBABWE	EGYPT	SUDAN				
	MALAWI	UGANDA	MAURITIUS							
6 < 8		6 *		5 *		3 *		5 *		5 *
	LIBYA	SWAZILAND	BURKINA FASO	LIBYA	BURUNDI		MAURITANIA	SEYCHELLES	MAURITIUS	TUNISIA
	MAURITIUS	TOGO	CAPE VERDE	MALAWI	GAMBIA		MAURITIUS	UGANDA	MOROCCO	UGANDA
	NIGERIA	TUNISIA	GABON		MALI		NIGERIA		TOGO	
> 8		2 *		5 *		0 *		4 *		3 *
	GAMBIA		BOTSWANA	SUDAN			GAMBIA	MALAWI	GHANA	
	LESOTHO		BURUNDI	TUNISIA			LESOTHO	SWAZILAND	NAMIBIA	
			CHAD						MOZAMBIQUE	
TOTAL		52 *		52 *		52 *		52 *		53 *

Source : ECA secretariat.

* No. of Countries Within the Growth Rate Brackets.

** Estimate

N.B. NO SEPARATE FIGURES OF GDP FOR ERITREA ARE AVAILABLE FOR 1994. HENCE GDP GROWTH RATES FOR ETHIOPIA AND ERITREA ARE ASSUMED TO BE THE SAME.

Table II.1

Growth of World Economy, 1990-1993 and Estimates 1994

(Annual Percentage Change)

	1990	1991	1992	1993	1994
DEVELOPED MARKET ECONOMIES	2.3	0.5	1.5	1.3	2.7
UNITED STATES	1.2	-0.7	2.6	2.7	2.6
EUROPEAN COMMUNITY	3	0.8	1.1	-0.2	1.6
JAPAN	4.8	4	1.3	-0.1	2
DEVELOPING COUNTRIES	3.7	4.5	5.8	6.1	5.6
AFRICA	1.9	1.6	0.4	1.6	2.6
ASIA	5.7	6.1	7.8	8.7	7.1
MIDDLE EAST & EUROPE	4.2	2.4	7.8	3.4	4.6
WESTERN HEMISPHERE	0.3	3.3	2.5	3.4	3.5
WORLD	2.2	0.6	1.7	2.3	3.2

Source : IMF, World Economic Outlook, October 1993

Table III.1

Budgetary Trends and Their Relationship to GDP, Developing Africa *

1990-1994

	1990	1991	1992	1993	1994 **
	(BILLION OF DOLLARS)				
GROSS DOMESTIC PRODUCT	360.9	334.6	321.4	359.0	368.0
REVENUE	77.9	74.1	70.0	75.8	77.4
EXPENDITURE	97.9	92.3	92.4	90.1	91.6
OF WHICH: CURRENT	71.2	67.9	70.2	69.8	69.5
CAPITAL	26.7	24.4	22.2	20.3	22.1
BUDGET DEFICIT	20.0	18.2	22.4	14.3	14.2
	(PERCENTAGE OF GDP)				
REVENUE	21.6	22.1	21.8	21.1	21.0
EXPENDITURE	27.1	27.6	26.0	25.1	24.9
OF WHICH: CURRENT	19.7	20.3	21.8	19.4	18.9
CAPITAL	7.4	7.3	6.9	5.6	6.0
BUDGET DEFICIT	5.5	5.4	7.0	4.0	3.9
	(ANNUAL PERCENTAGE GROWTH)				
REVENUE	-11.1	-4.9	-5.5	8.3	2.1
EXPENDITURE	-21.6	-5.7	...	...	1.7
OF WHICH: CURRENT	-3.9	-4.6	3.4	...	10.7
CAPITAL	-47.3	-8.6	-9.0	-8.6	8.9
BUDGET DEFICIT	-46.2	-9.0	21.1	36.2	...

Source : ECA secretariat.

* Excluding South Africa

** Preliminary Estimates.

Table III.2
Country Distribution According to Growth Rates of Revenue
1990-1994

PERCENTAGE GROWTH	1990	1991	1992	1993	1994
NEGATIVE	9	19	16	25	15
0 < 5	6	9	8	2	2
5 < 10	3	4	7	2	1
10 < 15	6	1	3	2	5
15 < 20	4	4	3	1	3
20 < 25	5	4	3	1	4
25 < 30	3	1	3	1	3
> 30	11	4	1	8	10
TOTAL COUNTRIES	47	46	44	42	43

Source : ECA secretariat.

Table III.3
Country Distribution According to Growth Rates of Expenditure
1990-1994

PERCENTAGE GROWTH	1990	1991	1992	1993	1994
NEGATIVE	12	22	10	23	6
0 < 5	5	7	9	1	8
5 < 10	3	3	6	4	7
10 < 15	5	3	5	0	7
15 < 20	6	1	4	2	6
20 < 25	7	2	2	1	3
25 < 30	2	1	2	1	2
> 30	7	7	6	10	4
TOTAL COUNTRIES	47	46	44	42	43

Source : ECA secretariat.

Table III.4

Growth of Monetary Indicators in Developing Africa * , 1990-1994

	1990	1991	1992	1993	1994
	PERCENTAGES				
NET FOREIGN ASSETS	27.8	20.3	49.0	6.6	18.3
DOMESTIC CREDIT	14.7	6.8	50.2	13.0	7.2
OF WHICH : PUBLIC SECTOR	17.8	-5.7	110.7	19.0	4.4
PRIVATE SECTOR	11.9	28.5	6.1	1.3	13.6
MONEY SUPPLY (M1)	12.9	14.0	17.6	26.3	19.4
QUASI MONEY	19.5	27.8	34.6	29.9	12.5
VOLUME OF MONEY (M2)	20.9	20.4	35.4	28.6	10.8
OTHER ITEMS	11.9	...	...	13.3	-53.0

Source : ECA secretariat.

* Excluding South Africa

Table III.5
Frequency Distribution of African Countries According to
Growth Rates of Money Supply 1990-1994

PERCENTAGE GROWTH	1990	1991	1992	1993	1994
NEGATIVE	4	4	8	10	9
0 < 5	8	8	8	6	7
5 < 10	8	8	4	5	6
10 < 20	14	10	7	7	5
20 < 30	0	4	3	2	3
30 < 50	4	3	6	2	3
> 50	4	5	4	4	2
No. OF COUNTRIES SURVEYED	42	42	40	36	33

Source : ECA secretariat.

Table III.6

Exchange Rate Arrangement of African Currencies 1990-1994

EXCHANGE RATE ARRANGEMENTS	NUMBER OF COUNTRIES				
	1990	1991	1992	1993	1994
I. PEGGED	39	35	35	33	30
OF WHICH :					
1. SINGLE CURRENCY PEG.	21	21	21	20	20
A. US DOLLAR	5	5	4	3	3
B. FRENCH FRANC	14	14	14	14	14
C. S.A. RAND	2	2	3	3	3
2. BASKET OF CURRENCIES	18	14	14	13	10
A. S.D.R.	5	4	3	3	3
B. OTHER COMPOSITES	13	10	11	10	7
II. FLEXIBLE	11	17	17	19	22
1. INDICATOR BASED	1	3	2	1	-
2. MANAGED FLOAT	5	7	6	6	6
3. INDEPENDENT FLOAT	5	7	9	12	16
III. TOTAL	50	52	52	52	52

Source : IMF, International Financial Statistics (Various Issues)

Table III.7

Exchange Rate Development in Selected African Countries, 1990-1994

(National Currencies Per US $)

	1990			1991			1992			1993			1994		
	NER	CPI	RER	NER	CPI	RER	NER	CPI	RER	NER	CPI	RER	NER	CPI	RER
ALGERIA	12.19	100	12.19	21.39	125.9	17 70	22 78	165.8	14.76	24.12	199.6	13.35	42.50	283.9	17.20
BOTSWANA	1.871	100	1.871	2.07	111.8	1.90	2.26	129.8	1.87	2.57	148.4	1.92	2.72	168.2	1.85
BURKINA FASO	256.45	100	256 45	259 00	102.5	263.30	275.33	100.5	294.20	294.78	101.0	322.80	538.80	125.3	492.79
ETHIOPIA	2.07	100	2.07	2.07	135.7	1.60	5.00	150.0	3.58	5.00	155.3	3 56	5.95	166.4	4.10
GHANA	344.83	100	344 83	390.63	118.0	345.00	520.83	129.9	430.60	819.67	162.3	558.57	987.58	212.3	533.10
KENYA	24.08	100	24.08	28.07	119.8	24.40	36.22	155.2	25.10	68.16	226.3	33.31	45.95	289.4	18.20
MADAGASCAR	1465.8	100	1465.8	1832.70	108.6	1758.50	1910.20	124.4	1649 20	1962.70	136.8	1586.80	3718.60	209.5	2034.14
MALAWI	2.6469	100	2.65	2 66	112.6	2 50	4.40	138.2	3.42	4.94	165.3	3.31	7.36	202.6	4.16
MAURITIUS	14.322	100	14.3	14.79	107.0	14.10	17.00	112.0	16.30	18.66	123.7	16.68	18.03	134.4	15.37
MOROCCO	8.043	100	8.04	8.15	106.4	8.00	9.05	109.4	8.88	9.65	114.3	9.34	9 01	126.9	8.14
NIGERIA	9.001	100	9	9.86	113.0	9.10	19.65	163 4	12.91	21.88	256.8	9.42	30.00	412.1	8.34
SENEGAL	256.45	100	256.45	259.00	98.2	274.80	275.33	98.1	301.40	294.78	97.6	334.00	538.80	124 3	496.75
SOUTH AFRICA	3.23	100	3.23	2.74	115.3	2.50	3.05	131.3	2.50	3 40	144.0	2.61	3.55	162.8	2.50
TANZANIA	196.6	100	196.6	233.90	122.3	199 30	335.00	149.3	245.30	479.90	184 3	288 00	526.20	305.1	197.65
TUNISIA	0.84	100	0.84	0.87	108.2	0.84	0 95	114.5	0.89	1 05	119.0	0.98	1.00	126.7	0.91
UGANDA	540	100	540	915.00	128.0	744.90	1217.20	195.0	670.40	1130 20	207.0	603.87	918.90	227.0	463.90
ZAMBIA	42.74	100	42 74	89.29	192.6	48.31	357 14	572 8	67.00	500.00	1655.4	3 32	990 78	2301.2	49.34
ZIMBABWE	2.64	100	2.64	5 05	123.3	4.27	5 48	175.2	3 40	6.94	223.6	3 43	8.35	288 0	3.32

Source : IMF, International Financial Statistics (Various Issues)

Table III.8
Frequency Distribution of African Countries According to
Annual Growth Rates of Consumer Prices 1990-1994

PERCENTAGE GROWTH	1990	1991	1992	1993	1994
NEGATIVE	5	4	9	11	0
0 < 5	9	10	9	8	3
5 < 10	8	10	6	58	5
10 < 20	15	10	8	6	6
20 < 30	0	4	3	6	10
30 < 50	4	2	4	4	11
> 50	5	7	7	5	5
No. OF COUNTRIES SURVEYE	46	47	46	45	40

Source : ECA secretariat.

Table IV.1

Some Basic Demographic Indicators in Selected African Countries

	TOTAL FERTILITY RATE IN 1993	IMR BIRTH RATE PER 1 000 IN 1960-1993	UNDER-5 MORTALITY RATE PER 1 OOO IN 1960-1993	MATERNAL MORTALITY RATE PER 100 000 IN 1992	LIFE EXPECTANCY AT BIRTH IN 1993
ANGOLA	7.1	170	292	900	47
CHAD	5.9	121	206	800	48
ETHIOPIA	7.0	120	204	900	47
GUINEA	7.0	133	223	1000	45
GUINEA BISSAU	5.8	139	235	1000	44
KENYA	6.3	74	67	400	59
LIBERIA	6.8	145	217	600	5
MALI	7.1	120	217	850	46
MOZAMBIQUE	6.5	164	282	800	47
NIGER	7.1	191	320	850	47
NIGERIA	6.4	114	191	750	53
SIERRA LEONE	6.5	164	284	1000	43
SOMALIA	7.0	125	211	1000	47
UGANDA	7.2	111	185	700	42
ZAIRE	6.7	120	187	700	52

Source : UNDP, Human Development Report 1994; and UNICEF, The State of the World's Children 1995.

Table IV.2

Trends in Population of Selected African Cities

(Thousands)

	1970	1975	1980	1985	1990	1995	2000
ABIDJAN	553	960	1260	1653	2168	2766	3530
ADDIS ABABA	729	926	1175	1492	1891	2419	3126
ALEXANDRIA	1987	2241	2621	3107	3684	4360	5108
ALGIERS	1323	1627	2003	2464	3033	3722	4528
CAIRO	5333	6079	6937	7919	9040	10361	11826
CASABLANCA	1510	1815	2196	2658	3213	3858	4562
DAR ES SALAAM	391	638	838	1168	1657	2324	3127
KHARTOUM	1096	1224	1380	1557	1662	1745	1818
KINSHASA	1370	1735	2197	2782	3505	4407	5520
LAGOS	2025	3300	4385	5827	7706	10070	12891
LUANDA	459	669	948	1284	1717	2257	2866
NAIROBI	531	677	863	1131	1503	2022	2722
TRIPOLI	399	675	1057	1544	2062	2628	3163
TUNIS	739	867	1085	1358	1636	1935	2245

Source : Estimates prepared by the Population and the Industry and Human Settlement Divisions of ECA, 1994.

Table IV.3

Selected Health Indicators in African Countries

COUNTRIES	POPULATION PER PHYSICIAN 1990	POPULATION PER NURSE 1990	POPULATION WITH ACCESS TO HEALTH SERVICES 1985-1993	PERCENTAGE OF MALNOURISHE CHILDREN 1992	PERCENTAGE OF CHILDREN IMMUNIZED 1990-1993	
					DIPHTHRIA	MEASLES
BENIN	14290	2460	18	35.0	75	67
BURUNDI	16670	3880	80	31.0	63	61
CHAD	33330	37030	30	31.0	13	19
GHANA	25000	2750	60	27.1	48	50
GUINEA	50000	11630	80	26.8	70	70
MALAWI	50000	17860	80	46.6	92	92
MALI	20000	8000	-	39.0	46	51
NIGER	33330	2950	32	44.0	20	20
SENEGAL	20000	7690	40	25.9	52	46
SOMALIA	14290	2010	27	39.0	18	30
SUDAN	11110	4120	50	34.0	51	49
TOGO	12500	2020	61	24.4	53	48
UGANDA	25000	2980	49	23.3	73	73
ZAIRE	-	-	26	-	29	33
ZAMBIA	11110	1850	75	25.1	64	62

Source: UNICEF, The State of the World's Children, 1995; UNDP, Human Develpment Report, 1994 and African Development Indecators 1994-1995.

Table IV.4

Poverty in the Develping World

	PERCENTAGE OF THE POPULATION BELOW THE POVERTY LINE			NUMBER OF POOR (MILLIONS)		
	1985	1990	2000	1985	1990	2000
ALL DEVELOPING COUNTRIES	30.5	29.7	24.1	1051	1133	1107
SOUTH ASIA	51.8	49	36.9	532	562	511
EAST ASIA	13.2	11.3	4.2	182	169	73
SUB-SAHARAN AFRICA	47.6	47.8	49.7	184	216	304
MIDDLE EAST AND NORTH AFRICA	30.6	33.1	30.6	60	73	89
EASTERN EUROPE	7.1	7.1	5.8	5	5	4
LATIN AMERICA & THE CARABBEAN	22.4	25.5	24.9	87	108	126

Source : World Bank, World Development Report, 1992.

Table V.1

Annual Growth Rates of Agriculture Production by Subregion

(Percentage)

	1991	1992	1993	1994
DEVELOPING AFRICA *	4.9	-0.9	2.6	1.8
NORTH AFRICA	21.0	-13.7	0.3	12.8
WEST AFRICA	4.7	3.4	3.9	2.7
CENTRAL AFRICA	1.6	0.3	0.9	-1.5
EAST AFRICA	0.0	-5.4	4.2	-0.8
SOUTHERN AFRICA	2.5	-4.8	4.2	3.6
AFRICA REGION	4.7	-2.2	3.7	2.1

Source : FAO, AGROSTAT - Production Indices for Regions, 7 Nov. 1994.

* Excluding South Africa

Table V.2 Production of Selected Food Crops in Developing Africa * (Thousands of Tons)					
	1990	1991	1992	1993	1994
CEREAL, TOTAL	77163	88462	79315	82656	86937
OF WHICH :					
WHEAT	11957	15536	11970	11343	13662
RICE PADDY	12472	13753	14172	15442	15585
MAIZE	24158	24481	21272	26160	25391
MILLET	10065	10052	9465	10015	10377
SORGHUM	11423	15102	15437	13988	13939
ROOTS & TUBERS, TOTAL	107880	112651	117107	119423	119959
OF WHICH :					
CASSAVA	70044	71806	73338	74003	72461
YAMS	19915	22237	25459	26811	28843
SWEET POTATOES	6740	6244	6256	6444	6458
TUBERS, TOTAL	6350	6913	6425	6765	6692

Source : FAO, AGROSTAT Database, Production Data, Oct. 1994.

* Excluding South Africa

Table V.3

Production of Selected Industrial Crops in Developing Africa * , 1990-94

	THOUSANDS OF TONS					AVERAGE ANNUAL PERCENTAGE GROWTH
	1990	1991	1992	1993	1994	1990-94
COFFEE	1270	1196	1056	983	1044	-4.8
COCOA	1420	1262	1271	1332	1381	-0.7
COTTON	3520	3598	3425	3798	3611	0.6
SUGAR	5759	5708	5321	5175	5998	1
TEA	313	325	289	329	306	-0.6
TOBACCO	328	399	443	458	402	5.2

Source : FAO, AGROSTAT Database, Computer Printout, Nov. 1994.

* Excluding South Africa

Table V.4

Coffee Production World-wide and by Major African Coffee Producing Countries 90-94

(Thousand Tons and Regional Percentage Share)

	1990	1991	1992	1993	1994
CAMEROON	100	115	76	48	70
COTE D'IVOIRE	286	199	125	138	145
ETHIOPIA	204	210	216	220	228
KENYA	104	86	85	73	75
MADAGASCAR	85	85	86	88	79
TANZANIA	53	46	56	57	44
UGANDA	129	147	110	141	180
ZAIRE	120	102	98	78	66
DEVELOPING AFRICA *	1270	1196	1058	983	1044
WORLD TOTAL	6124	6105	6054	5804	5437
REGIONAL SHARE OF WORLD TOTAL	20.7	19.6	17.5	16.9	19.2

Source : FAO, AGROSTAT Database Computer Printouts, Nov. 1994.

* Excluding South Africa

Table V.5

Output of Cocoa World Wide and by Major African Producers 1990-94

(Thousand Tons and Regional Percentage Share)

	1990	1991	1992	1993	1994
CAMEROON	115	105	85	100	115
COTE D'IVOIRE	804	747	697	804	809
GHANA	284	243	312	240	270
NIGERIA	155	110	135	140	140
DEVELOPING AFRICA *	1420	1262	1271	1332	1381
WORLD TOTAL	2534	2346	2356	2475	2534
REGIONAL SHARE OF WORLD TOTAL	56	53.8	53.9	53.8	54.5

Source : FAO, AGROSTAT Database Computer Printouts, Nov. 1994.

* Excluding South Africa

Table V.6
Output of Seed Cotton World Wide and by Major African Producers 90-94
(Thousand Tons and Regional Percentage Share)

	1990	1991	1992	1993	1994
BENIN	146	177	153	272	187
BURKINA FASO	190	167	163	164	171
CAMEROON	113	114	126	127	120
CHAD	159	174	114	101	100
COTE D'IVOIRE	239	261	194	239	251
EGYPT	814	791	946	1083	830
MALI	221	273	320	317	330
NIGERIA	277	299	338	340	350
SUDAN	408	273	261	185	225
ZIMBABWE	188	205	61	187	260
DEVELOPING AFRICA *	3520	3598	3425	3798	3611
WORLD TOTAL	53757	60145	52600	48580	52616
REGIONAL SHARE OF WORLD TOTAL	6.5	6.0	6.5	7.8	6.7

Source : FAO, AGROSTAT Database, Production Data, Nov 1994.
* Excluding South Africa

Table V.7

Raw Sugar Production World Wide and by Major African Sugar Producers, 90-94

(Thousand Tons)

	1990	1991	1992	1993	1994
	THOUSAND TONS				
EGYPT	971	1064	1077	1092	1092
KENYA	472	464	384	415	414
MAURITIUS	642	629	643	565	630
MOROCCO	499	498	444	520	508
SUDAN	421	485	482	500	581
SWAZILAND	542	517	495	457	460
ZIMBABWE	493	346	9	56	564
DEVELOPING AFRICA *	5759	5708	5321	5175	5996
	MILLION TONS				
WORLD TOTAL	111.3	112.4	117.7	110.5	109.8
PERCENTAGE REGIONAL SHARE OF WORLD TOTAL	5.2	5.1	4.5	4.7	5.5

Source : FAO, AGROSTAT Database, Production Data, Nov. 1994.

* Excluding South Africa

Table V.8

Production of Tea World Wide and by Major African Tea Producers 1990-94

(Thousand Tons and Regional Percentage Share)

COUNTRY	1990	1991	1992	1993	1994
KENYA	197	203	188	211	186
MALAWI	39	41	28	39	42
MAURITIUS	6	6	6	6	6
TANZANIA	18	20	18	21	22
UGANDA	7	9	10	12	14
ZIMBABWE	17	14	9	14	18
DEVELOPING AFRICA *	313	325	289	329	306
WORLD TOTAL	2543	2591	2435	2645	2631
REGIONAL SHARE IN WORLD TOTAL	12.3	12.5	11.9	12.4	11.6

Source : FAO AGROSTAT Database, Production Data, Nov. 1994.

* Excluding South Africa

Table V.9

Output of Tobacco World Wide and by Major African Tobacco Producers, 1990-94

(Thousand Tons and Regional Percentage Share)

COUNTRY	1990	1991	1992	1993	1994
MALAWI	101	113	127	134	99
TANZANIA	12	17	17	24	24
ZIMBABWE	130	179	211	205	182
DEVELOPING AFRICA *	328	399	443	458	402
WORLD TOTAL	7048	7459	8328	7898	7769
REGIONAL SHARE IN WORLD TOTAL	4.7	5.3	5.3	5.8	5.2

Source : FAO AGROSTAT Database, Production Data, Nov. 1994.

* Excluding South Africa

Table V.10

African Livestock Population by Subregion

	MILLION TROPICAL LIVESTOCK UNITS					ANNUAL PERCENTAGE GROWTH RATE	
	1984	1992	1993	1994 a/	1995 b/	1992-93	1993-94
CENTRAL AFRICA	8.63	11.31	11.57	11.38	12.08	2.30	2.24
EAST & SOUTHERN AFRICA	83.62	81.28	78.14	75.23	74.61	-3.86	-3.72
GREAT LAKES	2.56	3.05	3.08	3.14	3.19	0.98	1.94
NORTH AFRICA	33.13	37.95	39.14	40.37	41.63	3.13	3.14
WEST AFRICA	33.19	39.48	39.64	39.79	40.57	0.42	0.39
AFRICA	182.10	199.43	203.34	205.38	207.42	1.96	1.00

Source : Adapted from FAO, AGROSTAT, 1992.

a/ Estimates

b/ Projections

Table V.11

Meat Self Sufficiency by Subregion, 1993-95

	MEAT PRODUCTION THOUSAND TONS			MEAT CONSUMPTION THOUSAND TONS			MEAT PRODUCTION AS % OF CONSUMPTION		
	1993	1994 a/	1995 b/	1993	1994 a/	1995 b/	1993	1994 a/	1995 b/
CENTRAL AFRICA	332	338	344	392	402	412	84.7	84.1	83.5
EAST & SOUTHERN AFRICA	2423	2458	2492	2613	2685	2759	92.7	91.5	90.3
GREAT LAKES	196	197	199	290	293	296	67.6	67.2	67.2
NORTH AFRICA	2274	2328	2382	2748	2823	2897	82.7	82.5	82.2
WEST AFRICA	1936	1975	2013	2032	2073	2114	95.3	95.3	95.2
AFRICA	8793	8961	9129	9592	9799	10007	91.7	91.4	91.2

Source : Adapted from FAO, AGROSTAT, 1992.

a/ Estimates

b/ projections

Table V.12
Catches by Developing Africa * & Foreign Fleets
(Million Tons)

	1985	1991	1992
MARIN CATCHES	1.9	2.5	2.7
INLAND CATCHES	1.5	1.8	1.8
FOREIGN FLEETS	2.9	3.3 a/	2.8 a/
TOTAL	6.3	7.6 a/	7.3 a/

Source : FAO, Fishery Yearbook, Catches and Landings, 1994.
a/ Estimates.
* Excluding South Africa

Table V.13

Output of Forest Products in Africa, 1990-94

(Thousand Cubic Metres)

	1990	1991	1992	1993 *	1994 *
ROUNDWOOD (CUM)	514556	526357	539350	551747	551747
FUELWOOD AND CHARCOAL (C	455560	467916	480313	492690	492690
PULPWOOD (CUM)	7418	7997	7830	8036	8036
SAWN WOOD (CUM)	8502	8141	8179	8018	8018
WOOD-BASED PANELS (CUM)	1743	1672	1720	1708	1708
PLYWOOD (CUM)	567	575	583	591	591
WOODPULP(METRIC TONS)	2297	2306	2340	2361	2362
PAPER & PAPER BOARD (MT)	2737	2693	2748	2753	2754

Source : FAO, Yearbook, Forest Products, Rome, 1992.

* Estimates

Table V.14

Earnings From African Exports of Forestry Products, 1990-94

(Millions of Dollars)

	1990	1991	1992	1993 *	1994 *
ROUNDWOOD	996.3	682.1	696.6	680.1	665.6
CHARCOAL	1.5	1.5	12.3	10.3	10.3
INDUSTRIAL ROUNDWOOD	994.7	680.6	684.4	680.2	673.2
SAWN WOOD	430.4	315.7	388.4	388.4	380.4
WOOD-BASED PANELS	237.2	189.6	205	190	186
PLYWOOD	61.8	54.6	56.7	55.0	50.0
WOODPULP	314.3	297.5	337.2	355.2	364.2

Source : FAO, Yearbook, Forest Products, Rome, 1992.

* Estmates

TABLE VI.1
MINING PRODUCTION IN AFRICA

	UNIT	1989	1990	1991	1992	1993	1994 *
ALUMINA	TH. TONS	626	642	650	604	643	636
ALUMINIUM	TH. TONS	603	601	608	614	618	591
ANTIMONY	TONS	5477	5507	4535	3899	4013	5464
BAUXITE	TH. TONS	19496	17983	18684	17606	18592	18470
CADMIUM	TONS	370	266	242	217	178	183
COBALT	TONS	13901	15126	13816	11469	6611	6111
COPPER	TH. TONS	1230	1131	982	854	745	702
DIAMONDS	TH. CTS.	36343	36624	43245	38996	34037	NA
GOLD	TONS	637	640	651	664	676	651
IRON ORE	TH. TONS	31349	22568	17600	18800	16800	NA
LEAD	TH. TONS	182	171	175	176	202	185
MANGANESE	TH. TONS	6350	6620	5991	4335	4427	NA
NICKEL	TH. TONS	67	62	62	59	61	62
PHOSPHATE	TH. TONS	32789	34603	31686	32409	28944	NA
SILVER	TONS	600	623	586	511	508	506
TIN	TH. TONS	5	5	5	3	3	1
URANIUM	TONS	9837	9221	8257	7070	6877	9000
ZINC	TH. TONS	248	243	201	189	191	191

SOURCES : WORLD METAL STATISTICS YEARBOOK 1994; MINING ANNUAL REVIEW 1994; ECA SECRETARIAT
* = ESTIMATES
NA = NOT AVAILABLE

TABLE VII.1

STRUCTURE OF ENERGY CONSUMPTION IN AFRICA, 1992

MILLION T.O.E. *

PRODUCTS	NORTH AFRICA	SUB-SAHARA AFRICA	SOUTH AFRICA	TOTAL AFRICA
OIL	46.7	29.7	12.1	88.5
SOLID FUELS	2.8	5.2	79.2	87.1
GAS	29.3	4.5	...	33.8
ELECTRICITY	0.9	4.4	2.4	7.8
NON CONVENTIONAL FUELS	2.4	110.5	2.7	115.6
TOTAL	82.1	154.3	96.4	332.8

SOURCE : ENERDATA, GRENOBLE, FRANCE

* T.O.E. = TONS OF OIL EQUIVALENT

TABLE VII.2
CRUDE OIL PRODUCTION IN AFRICA
MILLION OF TONS

COUNTRY/GROUP	1990	1991	1992	1993	1994 *
ALGERIA **	58.10	62.00	61.50	59.77	59.16
GABON	13.49	14.71	14.78	14.77	15.73
LIBYA	69.72	74.34	74.35	68.45	68.62
NIGERIA	88.64	93.06	97.65	102.10	97.30
SUB TOTAL (OPEC)	229.96	224.00	248.28	245.09	240.81
ANGOLA	23.65	24.90	27.39	26.50	28.16
CAMEROON	8.06	7.47	7.39	6.38	6.30
CONGO	8.06	7.96	8.23	8.66	9.71
COTE D'IVOIRE	0.99	0.66	0.44	0.51	0.55
EGYPT	43.82	43.93	46.10	46.30	46.50
GHANA	0.80	0.75	0.85	0.85	0.90
TUNISIA	4.60	5.26	5.38	4.64	4.41
ZAIRE	1.42	1.37	1.30	1.14	1.50
SUB TOTAL (NON OPEC)	91.39	92.40	97.08	94.98	97.35
TOTAL AFRICA	321.35	336.41	345.36	340.07	338.84

SOURCES : UN MONTHLY BULLETIN OF STATISTICS, VARIOUS ISSUES;
OPEC ANNUAL REPORT, VARIOUS ISSUES, EIU COUNTRY REPORTS
AND ECA SECRETARIAT

* = ESTIMATES

** = INCLUDING CONDENSATES

TABLE VII.3

MARKETED GAS PRODUCTION IN AFRICA

MILLION T.O.E. *

COUNTRY	1990	1991	1992	1993
ALGERIA	42.5	44.4	45.9	46.1
EGYPT	7.2	8.2	8.9	10.1
LIBYA	6.0	5.9	6.1	6.7
NIGERIA	3.8	4.0	4.2	4.6
OTHER AFRICA	0.9	0.9	1.0	1.6
TOTAL AFRICA	60.4	63.4	66.1	69.1

SOURCE : BP STATISTICAL REVIEW OF WORLD ENERGY, JUNE 1994 LONDON,
THE BRITISH PETROLEUM COMPANY

* T.O.E. = TONS OF OIL EQUIVALENT

Table VIII.1

Indicators of Manufacturing Sector Performance by Subregion and Economic Groupings, 1992-1994

SUBREGIONS AND ECONOMIC GROUPINGS	SHARE OF MVA IN REGIONAL MVA (%)			SHARE OF MVA IN GDP			MVA GROWTH RATES (% AT 1990 PRICES)		
	1992	1993	1994 1/	1992	1993	1994 1/	1992	1993	1994 1/
DEVELOPING AFRICA *	65.5	65.47	65.86	12.69	12.58	12.91	1.91	-0.07	5.04
SOUTH AFRICA	34.5	34.53	34.14	24.29	24	24.28	-3.28	0.04	3.28
AFRICA	100	100	100	15.19	15.05	15.36	0.06	-0.04	4.43
NORTH AFRICA	40.58	41.39	42.16	15.19	15.32	15.66	4.47	1.94	6.4
WEST AFRICA	9.34	9.22	9.56	8.05	7.64	8.11	1.4	-1.3	8.35
EASTERN & SOUTHERN AFRICA	44.9	44.67	44.14	19.9	19.71	19.99	-2.76	-0.55	3.2
CENTRAL AFRICA	5.18	4.73	4.13	10.48	10.04	9.64	-9.41	-8.76	-8.79
LDCs	9.95	9.7	9.25	9.82	9.57	9.63	0.22	-2.51	-0.44
SUB-SAHARAN AFRICA	60.34	59.68	58.88	14.83	14.57	14.85	-2.53	-1.15	3.05

Source : ECA secretariat.

1/ Preliminary Estimate.

* Excluding South Africa

Table VIII.2
Grindings of Cocoa by Country, 1989/90-1993/94
('000 Tonnes)

COUNTRY	1989/90	1990/91	1991/92	1992/93	1993/94
CAMEROON	25	20	17	13	15
COTE D'IVOIRE	112.5	118.1	110	95	110
EGYPT	0.3	1	1.7	0.3	1
GHANA	23.8	29.9	23.4	30	32
NIGERIA	15	13.1	18	20	25
SIERRA LEONE	0.7	1.6	1	0.4	0.2
SOUTH AFRICA	5.1	5.3	3	4	4
OTHER AFRICA	1.2	0.6	1.2	2	2
TOTAL	183.6	189.6	175.3	164.3	189.2

Source : African Economic Digest, 28 February, 1994.

Table IX.1

Modal Shares of Freight Traffic in Selected African Countries

Percentage of Freight ton/km

	ROAD	RAIL	WATER	AIR
ALGERIA	90	10	-	-
CHAD	100	-	-	-
COTE D'IVOIRE	92	7	1	-
MALAWI	60	37	3	-
SUDAN	67	26	7	-
TOGO	98	2	-	-
TUNISIA	77	23	-	-
ZAIRE	50	33	14	3

Source : ECA, Programme of the Second United Nations Transport and Communications Decade in Africa, 1991-2000 : Subsectoral Strategies, Roads and Road Transport.

Table IX.2

Railway Traffic in Selected African Countries, 1980, 1985 and 1990

	ROUTE KM OF USED LINE			FREIGHT TRAFFIC (MILLION TON/KM)			PASSANGER TRAFFIC (MILLION KM)		
	1980	1985	1990 a/	1980	1985	1990 a/	1980	1985	1990 a/
ALGERIA	3907	3841	3810	2457	3049	2712	2070	1953	2814
CAMEROON	1143	1115	1104	578	983	740	244	504	665
CONGO	519	519	...	518	518	405	337	437	495
COTE D'IVOIRE	1180	1182	1167	602	491	501	1252	819	450
EGYPT	4437	5763	5914	2190	2892	3540	11164	185	251
ETHIOPIA	781	781	784	200	140	160	310	220	250
GABON	341	341	648	...	131	1195	N.A.	29	54
GHANA	950	950	950	119	100	135	542	250	380
KENYA	2101	2084	2084	2281	1890	1750	704	649	705
MALAWI	789	789	789	247	95	73	79	122	115
MALI	642	642	642	131	241	265	130	172	180
MOROCCO	1756	1779	1893	3787	1691	2150	935	1826	2401
NIGERIA	3512	3512	3512	1131	1065	345	1533	2718	1541
SENEGAL	1034	1034	904	307	442	480	100	70	75
SUDAN	4786	4786	4764	1970	700	791	1100	800	810
TANZANIA	2584	2584	2584	701	660	600	630	1194	1291
TUNISIA	2013	1402	2210	1690	1697	2190	862	743	1095
UGANDA	1232	1232	1232	...	63	71	138	292	405
ZAIRE	4511	4511	4511	1727	1883	1901	429	292	409
ZAMBIA	1115	1278	1278	1386	1365	1401	402	308	513
ZIMBABWE	3394	3394	2759	6864	6202	5207	327	885	900

Source : ECA, Programme of the Second United Nations Transport and Communications Decade in Africa.

a/ Preliminary Estimates

N.A. = Not Available

Table IX.3

Developing Africa's Maritime Traffic and Its Share of the World Total

1970, 1988, 1989 and 1990

DESTNATION	YEAR	GOODS LOADED	GOODS UNLOADED	TOTAL TRAFFIC
	MILLIONS OF TONS			
NORTH AFRICA	1970	255.4	33.8	289.2
	1988	226.2	118.9	345.1
	1989	235.8	122.4	244.8
	1990	246.2	125.5	371.7
WEST AFRICA	1970	123.0	22.4	145.4
	1988	170.5	33.3	203.8
	1989	185.0	34.6	219.6
	1990	185.7	34.9	220.6
EAST AFRICA	1970	17.3	16.4	33.7
	1988	9.8	23.6	33.4
	1989	9.7	24.6	34.3
	1990	9.9	25.0	34.9
DEVELOPING AFRICA *	1970	395.7	72.6	468.3
	1988	406.5	175.8	582.3
	1989	430.5	181.6	612.1
	1990	441.8	185.4	627.2
WORLD	1970	2605.0	2530.0	5135.0
	1988	3735.0	3866.0	7601.0
	1989	4008.0	4126.0	7907.0
	1990	4050.0	4181.0	8134.0
	PERCENTAGE SHARE OF WORLD TOTAL			
SHARE OF TRAFFIC TONNAG	1970	15.2	2.9	11.2
	1988	10.9	4.6	8.7
	1989	10.8	4.5	8.7
	1990	11.2	4.5	8.8
SHARE OF FLEET TONNAGE	1970	...	...	0.8
	1988	...	...	5.3
	1989	...	...	5.3
	1990	...	...	5.3

Source : ECA, Preparation of UNTACDA II Programme, March 1993.

* Excluding South Africa

Table IX.4

Air Traffic at Selected Principal Airports, 1991 and 1992

	AIRPORT	NUMBER OF PASSENGERS		FREIGHT (TONS)	
		1991	1992	1991	1992
BENIN	COTONOU	136322	153567	2229.9	3158.4
BURKINA FASO	OUAGADOUGO	110114	125720	8193.2	7913.2
CAMEROON	YAUNDE	383609	351134	10058.4	10993.5
CENTRAL AFRICAN REPUBLIC	BANGUI	52226	49237	4022.0	4144.3
CHAD	N'DJA-MENA	703449	772482	25376.7	26605.0
CONGO	BRAZZAVILLE	134645	88182	5834.3	2748.4
COTE D'IVOIRE	ABIDJAN	560108	486289	18149.7	14850.2
EGYPT a/	CAIRO	...	1021.8	...	...
EQUATORIAL GUINEA	MALABU	30530	35012	325.5	285.7
GABON	LIBREVILLE	574193	573519	13440.0	14605.0
GAMBIA	BANJOUL	...	206937	...	2107.4
KENYA	NAIROBI	185187	166908	5958.3	4672.0
MADAGASCAR	ANTANANARIVO	279564	317289	6488.5	7355.3
MALI	BAMAKO	184795	171104	7894.9	4760.0
MAURITANIA	NOUADHIBOU	220296	223505	3193.0	2843.4
NIGER	NIAMEY	81534	84488	842.3	493.5
SENEGAL	DAKAR	84752	74319	3951.5	3600.1
TANZANIA	DAR ES SALAA	...	120069	...	4417.0
TOGO	LOME	48710	47834	5956.5	4055.8
UGANDA a/	KAMPALA	1861445	1861455	61333.6	637284.0
ZAMBIA	LUSAKA	...	98441	...	2705.5
TOTAL a/		5631489	5582044	759198.7	174617.4

Source : Bulletin of "Agent pour la Securite de la Navigation Aerienne en Afrique et Madagascar" (ASECNA), 1992

a/ Entries for passengers given in thousands and for freight in thousand tons.

Table IX.5

Telephone Density in Africa, 1983 and 1992

	1983			1992		
	POPULATION (MILLIONS)	DIRECT EXCHANGE LINES	DEL/100 POPULATION	POPULATION (MILLIONS)	DIRECT EXCHANGE LINES	DEL/100 POPULATION
NORTH AFRICA	95.771	1494022	1.56	120.713	4400451	3.65
SUB SAHARAN DEVELOPING AFRICA	398.178	1194520	0.30	504.524	2151547	0.43
REPUBLIC OF SOUTH AFRICA	30.157	2071817	6.87	39.741	3524138	8.87
TOTAL	523.116	4760359	0.91	664.978	10076136	1.52

Source : ITU, African Telecommunication Indicators, Geneva, 1993.

Table IX.6 African International Telephone, 1992				
		TRAFFIC		MINUTES PER
	POPULATION (MILLIONS)	MILLION MINUTES	PER CENT OF TOTAL	DIRECT LINE EXCHANGE
NORTH AFRICA	120.713	382.0	7.2	86.9
SUB SAHARAN DEVELOPING AFRICA	504.524	758.9	45.8	220.8
REPUBLIC OF SOUTH AFRICA	39.741	221.7	41.8	62.9
TOTAL	664.978	1062.7	30.0	106.3

Source : ITU, African Telecommunication Indicators, Geneva, 1993.

Table X.1

Aggregate Wholesale and Trade Price Indices, 1990 - 1994

1990 = 100

	1990	1991	1992	1993	1994
FUELS	100.0	83.3	80.6	71.0	65.9
FOOD	100.0	99.1	100.7	99.7	104.9
BEVEREGES	100.0	93.2	81.8	86.9	149.0
OIL, FATS, AND CRUDE MATERIAL	100.0	97.4	99.9	100.5	110.1
MINERALS & METALS	100.0	89.0	86.6	72.8	81.5
EXPORT PRICE INDEX INCL. FUELS EXCL. MFS	100.0	86.4	83.6	76.2	79.5
EXPORT PRICE INDEX EXCL. FUELS & MFS	100.0	97.6	98.5	96.9	105.6
MFG PRICE INDEX	100.0	102.2	106.6	104.2	107.4
EXPORT PRICE INDEX INCL. FUELS & MFS	100.0	88.9	87.2	80.6	83.9
IMPORT PRICE INDEX INCL. FUELS & MFS	100.0	99.5	102.5	99.6	103.1
TERMS OF TRADE	100.0	89.3	85.1	80.9	81.3

Source : IMF, International Financial Statistics; IBRD, Commodity Markets and Developing Countries; ECA secretariat.

Table X.2

Wholesale Price Indices for Selected Commodities, 1990 - 1994

1990 = 100

PRICE BASIS		1990	1991	1992	1993	1994
SUGAR	EC IMPORT PRICE	100.0	105.0	107.6	106.2	106.6
BOVINE MEAT	ALL ORIGINS (US PORTS)	100.0	103.9	95.8	102.1	91.0
BANANAS	LATIN AMERICA (US PORTS)	100.0	103.5	88.2	81.7	81.0
PALM OIL	MALAYSIA (EUROPE)	100.0	117.0	135.8	130.3	182.6
GROUNDNUTS	ALL ORIGINS (EUROPE)	100.0	93.4	60.3	82.4	72.0
COFFEE	UGANDA (NEW YORK)	100.0	90.6	79.3	97.3	217.9
COCOA	NEW YORK & LONDON	100.0	94.1	86.7	87.6	110.1
TEA	AVERAGE AUCTION (LONDON)	100.0	90.7	98.3	91.4	90.2
TOBACCO	USA (ALL MARKETS)	100.0	105.5	105.5	104.6	106.2
COTTON	EGYPT (LIVERPOOL)	100.0	93.2	70.2	70.3	96.6
LOGS	MALAYSIA (TOKYO)	100.0	105.4	118.9	122.5	122.5
HIDES	USA (CHICAGO)	100.0	86.1	82.3	86.8	94.1
RUBBER	MALAYSIA (SINGAPORE)	100.0	95.5	99.6	96.1	130.2
PHOSPHATE ROCK	MOROCCO (CASABLANCA)	100.0	104.9	103.1	81.5	81.5
IRON ORE	BRAZIL (NORTH SEA PORTS)	100.0	108.0	102.6	91.3	82.7
COBALT		100.0	131.0	297.7	148.9	288.3
COPPER	UK (LONDON)	100.0	87.9	85.9	72.0	86.6
LEAD	UK (LONDON)	100.0	68.9	67.1	50.3	67.8
MANGANESE	UK	100.0	114.3	109.4	87.2	62.3
NICKEL	UK (NORTH EUROPEAN PORTS)	100.0	92.1	79.1	59.9	71.4
TIN	ALL ORIGINS (LONDON)	100.0	90.3	98.5	83.4	88.1
ALUMINIUM	CANADA (UK)	100.0	79.5	76.6	69.5	90.0
PETROLEUM	UK BRENT SPOT	100.0	83.3	80.6	71.0	65.9
ECA COMMODITY EXPORT PRICE INDEX INCLUDING FUELS		100.0	86.3	83.7	75.1	77.5
ECA COMMODITY EXPORT PRICE INDEX EXCLUDING FUELS		100.0	95.8	93.5	88.1	114.0

Source : IMF, International Financial Statistics; UNCTAD, Monthly Commodity Price Bulletin; ECA secretariat.

Table X.3
Exports of Oil-Exporting African Countries, 1990 - 1994
in Billion US $

	1990	1991	1992	1993	1994	PERCENTAGE CHANGE 1993/1994
ALGERIA	13.0	12.3	12.2	10.3	10.5	1.9
ANGOLA	3.9	3.4	3.8	2.9	2.9	0.0
CAMEROON	1.9	1.9	1.9	1.1	1.8	63.6
CONGO	1.4	1.0	1.2	1.1	1.2	9.1
EGYPT	3.5	3.5	3.1	3.3	3.4	3.0
GABON	2.5	2.2	2.3	2.1	2.1	0.0
LIBYA	11.4	10.2	10.0	7.7	7.3	-5.2
NIGERIA	13.6	12.3	11.9	10.9	10.5	-3.7
TUNISIA	3.5	3.7	4.0	3.8	4.6	21.1
TOTAL EXPORTS	54.6	50.7	50.4	43.2	44.3	2.5

Source : IMF, International Financial Statistics; Economist Intelligence Unit; ECA secretariat

Table X.4
General Indicators of the Merchandise Trade of African Countries, 1990 - 1994
Annual Percentage Change, 1990 = 100

	1990	1991	1992	1993	1994
EXPORTS					
VALUE	24.3	-4.4	-0.8	-7.5	4.2
VOLUME	7.8	7.6	1.2	0.1	0.1
UNIT VALUE	15.3	-11.1	-1.9	-7.6	4.1
IMPORTS					
VALUE	20.2	-7.6	4.8	-1.4	6.5
VOLUME	13.3	-7.1	1.7	1.4	2.9
UNIT VALUE	6.0	-0.5	3.0	-2.8	3.5
TERMS OF TRADE	8.8	-10.7	-4.8	-4.9	0.6
PURCHASING POWER OF EXPORTS	17.2	-3.9	-3.7	-4.8	0.7
PERCENTAGE SHARE OF DEVELOPING A	3.0	2.8	2.7	2.5	2.3

Source : IMF, International Financial Statistics; Economist Intelligence Unit; ECA secretariat

Table X.5

Trade of African Developing Countries by Commodity Class, 1970, 1980, 1990 and 1993

(in Percentages)

COMMODITY CLASS	EXPORT				IMPORT			
	1970	1980	1990	1993	1970	1980	1990	1993
FOOD, BEVERAGE & TOBACCO	30.1	9.9	13.4	19.4	6.1	14.3	15.1	12.6
OIL, FATS & OTHER CRUDE MATERIALS EXCLUDING FUEL	14.8	7.3	8.9	9.1	7.6	5.9	5.3	6.1
MINERAL FUELS & RELATED MATERIALS	38.1	75.6	62.5	57.3	5.4	9.3	9.5	8.9
CHEMICALS	5.6	0.8	4.7	4.1	8.1	8.3	8.9	9.4
MACHINERY & TRANSPORT EQUIPMENT	1.3	0.4	1.9	2.5	43.6	37.5	37.7	39.3
OTHER MANUFACTURED GOODS	10.1	6.0	8.6	7.6	29.2	24.7	23.5	23.7
TOTAL	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0

Source : UN, Monthly Bulletin of Statistics (Various Issues); ECA secretariat.

Table X.6
Diversification and Product Concentration Indices
in the Export of Selected African Countries, 1970 and 1990

COUNTRIES/GROUPS	NUMBER OF COMMODITIES EXPORTED 1/		DIVERSIFICATION INDEX 2/		CONCENTRATION INDEX 3/	
OIL EXPORTERS	1970	1990	1970	1990	1970	1990
ALGERIA	76	85	0.831	0.883	0.652	0.554
CAMEROON	61	116	0.831	0.777	0.371	0.272
CONGO	18	26	0.895	0.886	0.486	0.707
EGYPT	87	154	0.784	0.700	0.442	0.440
GABON	21	39	0.883	0.913	0.500	0.770
LIBYA	31	37	0.946	0.888	0.999	0.841
NIGERIA	83	117	0.875	0.915	0.583	0.952
NON-OIL EXPORTERS						
COTE D'IVOIRE	81	130	0.863	0.856	0.422	0.312
ETHIOPIA	33	29	0.659	0.934	0.603	0.698
GHANA	24	56	0.941	0.907	0.752	0.377
KENYA	17	123	0.918	0.806	0.499	0.309
MALAWI	23	29	0.908	0.926	0.473	0.686
MAURITIUS	9	101	0.968	0.711	0.930	0.338
MOROCCO	84	155	0.816	0.756	0.292	0.166
SENEGAL	82	92	0.793	0.857	0.311	0.280
TANZANIA	49	74	0.848	0.832	0.255	0.262
TUNISIA	70	174	0.754	0.668	0.260	0.200
UGANDA	28	26	0.916	0.948	0.596	0.699
ZAMBIA	22	45	0.963	0.932	0.952	0.823
ZIMBABWE	-	165	-	0.782	-	0.327

Source : UNCTAD, Handbook of International Trade and Development Statistics 1984, 1991; ECA secretariat

1/ Refers to those commodities whose exports are greater than $50,000 in 1970 and $100 000 in 1991 or contribute more than 0.3 per cent to the total export of the country.

2/ Share of the two most important commodities in total national export.

3/ Hirschmann index normalized to yield values between 0 and 1 (maximum concentration)

Table X.7 Evolution of Africa's Commodity Share in World Market (Per cent)				
Commodity	1970-73	1980-93	1990-93	1990-1993 Market Loss/Gain Relative to 1970-1973
Cocoa	83.1	78.9	60.7	27.0
Coffee	27.6	20.8	16.1	41.7
Copper	26.4	19.5	13.6	48.5
Cotton	16.1	10.3	11.5	28.6
Petroleum	8.3	9.0	12.6	51.8
Iron Ore	12.7	7.2	5.6	55.9
Timber	6.0	4.8	3.1	48.3

Source : Calculated from UNCTAD, Commodity Yearbook (Various Issues) and UN Monthly Bulletin of Statistics (Various Issues).

Table X.8

Direction of Trade of African Developing Countries, 1980, 1990-93

(Million US-Dollars shares in Percentages)

	EXPORTS					IMPORTS				
	1980	1990	1991	1992	1993	1980	1990	1991	1992	1993
WORLD	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0
DEVELOPED ECONOMIES	82.9	82.8	81.4	82.4	82.0	77.0	72.0	70.2	74.1	73.7
DEVELOPING ECONOMIES	13.7	13.2	14.5	15.2	14.9	17.8	23.7	27.7	24.3	24.9
OPEC	1.1	2.5	2.8	2.7	2.5	5.0	7.1	8.1	4.1	4.5
EASTERN EUROPE AND USSR	2.6	3.3	3.2	1.3	1.3	5.2	4.3	2.1	1.6	1.4
EUROPE DEVELOPED	48.7	60.3	59.7	60.4	60.1	58.8	56.1	53.9	55.5	54.7
EC	46.2	58.9	57.3	58.2	58.2	54.2	52.1	49.7	51.6	50.8
USA	31.3	18.4	18.4	18.2	17.9	7.5	7.4	8.0	8.8	8.6
JAPAN	2.1	2.2	2.0	2.3	2.5	7.1	4.7	4.9	5.6	6.0
AFRICA	3.1	5.9	6.9	7.5	7.5	3.5	4.8	5.9	6.3	6.5
AMERICA DEVELOPING	6.2	1.1	1.5	1.7	1.5	2.8	2.4	2.0	2.3	2.3
MIDDLE EAST	1.9	2.6	2.5	2.0	1.8	4.2	7.0	7.5	3.1	3.3
OTHER ASIA	1.5	2.9	2.9	3.2	3.5	6.4	8.7	11.6	12.3	12.6

Source : UN Monthly Bulletin of Statistics (various issues)

Table X.9

Africa: Balance of Payments, 1990-94

(Million US $)

	1990	1991	1992	1993	1994
EXPORTS	94.9	96.5	94.2	87.9	89.6
IMPORTS	90.7	91.7	96.5	93.5	97.8
TRADE BALANCE	4.2	4.8	-2.4	-5.6	-8.2
SERVICES NET	-6.9	-7.7	-6.9	-6.2	-6.9
UNREQUITED TRANSFERS	17.2	18.1	18.6	19.2	20.1
OFFICIAL	8.5	8.5	8.6	9.7	10.0
PRIVATE	8.7	9.6	9.9	9.5	10.1
INCOME NET	-19.7	-17.2	-15.4	-15.3	-15.5
CURRENT ACCOUNT	-5.2	-2.0	-6.2	-7.8	-10.5
CAPITAL ACCOUNT INC. ERRORS	2.2	-12.0	-7.2	-7.0	-3.1
OVERALL BALANCE	-3.0	-14.0	-13.4	-10.2	-13.6
CHANGE IN RESERVES (-INCREASE)	-5.1	-6.9	-2.1	-4.3	-5.6
NET EXTERNAL FINANCING	8.1	20.8	15.5	14.5	19.2

Source : IMF, World Economic Outlook, International Financial Statistics; ECA secretariat

NB. The definition of Africa includes in addition to the countries covered under the IMF definition of Africa, Egypt and Libya as part of Africa.

Table XI.1

External Debt of Developing Countries by Region, 1990-1994

(US$ billion)

Category	1990	1991	1992	1993	1994 p
Developing Africa *	296.7	299.9	297.3	301.7	312.2
of which: -Sub-Saharan Africa	176.9	180.4	179.3	183.8	193.7
-North Africa	119.8	119.5	118.0	117.9	118.5
East Asia and the Pacific	268.4	301.6	331.2	367.7	415.2
Europe and Central Asia	286.4	311.3	333.0	369.8	402.6
Latin America and the Caribbean	476.0	490.5	500.0	525.7	547.0
Middle East	53.6	58.1	60.9	67.4	77.9
South Asia	127.5	133.6	141.2	146.1	155.8
All developing countries a/	1539.3	1626.7	1695.7	1811.8	1944.6

Source: World Bank, World Debt Tables 1994-1995, December 1994

a/ including unspecified debtors

p/ projections

* Excluding South Africa

Table XI.2

Africa's External Debt and Debt Service, 1991-1994

	1991	1992	1993	1994 *
Total external debt	(Billions of dollars)			
Total Africa	299.9	297.3	301.7	312.2
. North Africa a/	119.5	118.0	117.9	118.5
. Sub-Saharan Africa b/	163.3	162.9	169.0	177.1
. South Africa	17.1	16.4	14.8	16.6
Debt service paid	(Billions of dollars)			
Total Africa	29.7	29.0	28.3	26.3
. North Africa	15.8	16.1	16.3	16.5
. Sub-Saharan Africa b/	10.2	8.6	7.4	8.2
. South Africa	3.7	4.3	4.6	1.6
Debt service due	(Billions of dollars)			
Total Africa	44.1	39.8	39.8	...
. North Africa	23.1	18.4	18.5	...
. Sub-Saharan Africa c/	21.0	21.4	21.3	...
	RATIOS (in per cent)			
Debt to GDP				
Total Africa	67.1	65.6	66.1	71.6
. North Africa	66.8	67.9	62.8	65.4
. Sub-Saharan Africa c/	67.3	64.2	68.5	76.0
. Sub-Saharan Africa b/	102.1	98.9	107.9	126.0
Debt to goods and services exports	RATIOS (in per cent)			
Total Africa	223.3	216.7	228.0	231.3
. North Africa	222.1	210.7	215.1	223.6
. Sub-Saharan Africa c/	224.1	220.8	237.2	236.2
. Sub-Saharan Africa b/	310.5	312.7	338.7	334.2
Debt service to goods and services exports	RATIOS (in per cent)			
Total Africa	22.1	21.1	21.4	19.5
. North Africa	29.4	28.8	29.7	31.1
. Sub-Saharan Africa c/	17.3	15.9	15.5	12.0
. Sub-Saharan Africa b/	19.4	16.5	14.8	15.5

Sources: ECA Secretariat calculations based on the World Bank's World Debt Tables 1994-1995; and various sources.

(*) Preliminary estimates
a/ including the Sudan
b/ including South Africa
c/ excluding South Africa

Table XI.3

Debt Tables of North African Countries, 1990-94
($US Million)

	1990	1991	1992	1993	1994 *
Debt stock	119777	119496	118057	117907	118477
Long-term debt (LDOD)	103450	103594	102390	102568	101436
Public & publicly guaranteed	98695	98705	97731	97918	0
Private non-guaranteed	1914	1859	1609	1649	0
Use of IMF credit	2677	2915	2650	2166	2970
Short term debt	13650	12987	13019	13176	14071
. interest arrears on LDOD	6441	5492	5680	6174	0
of which:					
official creditors	5100	4662	4799	5186	0
private creditors	1343	831	880	988	0
Memo: principal arrears on LDOD	11853	8597	8193	8377	0
of which:					
official creditors	7184	5668	5395	5622	0
private creditors	4670	2930	2798	2755	0
Total arrears on debt service	18294	14089	13873	14551	0
Memo: export credits	41574	43422	41972	40888	0
Concessional debt	31079	29278	29568	29940	0
.multilateral	3913	4072	4073	4237	0
.bilateral	27166	25206	25495	25703	0
Concessional disbursements	1894	2029	2058	1908	0
.multilateral	589	492	695	635	0
.bilateral	1305	1537	1363	1273	0
Debt flows					
Disbursements	11605	11898	11825	10822	0
Long term debt	11540	11295	11603	10822	0
IMF purchases	65	603	222	0	0
Principal repayments	10512	10617	10702	10834	0
Net flows on debt	-1113	2067	1114	-734	0
Net transfers on debt	-6025	-2351	-3505	-5436	0
Total debt service paid	16055	15799	16085	16302	16536
Total debt service due	22792	23102	18435	18469	0

Source: ECA Secretariat calculations based on the World Bank's World Debt Tables, 1994-95

*: preliminary estimates

Table XI.4

Debt Tables of the Sub-Saharan African Countries, 1990-94

($US Million)

	1990	1991	1992	1993	1994 *
Debt stock	176899	180443	179275	183828	193690
Long-term debt (LDOD)	147321	150935	147294	146400	155551
Public & publicly guaranteed	142541	146029	142692	141873	159862
Private non-guaranteed	4780	4906	4603	4527	5517
Use of IMF credit	5656	5642	5421	5252	5380
Short term debt	23922	23866	26559	32175	32759
. interest arrears on LDOD	5824	7001	9015	12562	17897
of which:					
official creditors	3387	4449	6338	9151	0
private creditors	2436	2552	2678	3412	0
Memo: principal arrears on LDOD	11612	14698	18893	24599	35260
official creditors	6150	8410	11584	15235	0
private creditors	5461	6286	7310	9364	0
Total arrears on debt service	17436	21699	27908	37161	53157
Memo: export credits	52673	54446	52362	51093	0
Concessional debt	51700	56416	59226	62777	0
.multilateral	22193	25009	26830	29537	0
.bilateral	29507	31407	32396	33240	0
Concessional disbursements	4820	4546	4686	4511	0
.multilateral	2756	2946	3106	3177	0
.bilateral	2064	1600	1580	1334	0
Debt flows					
Disbursements	11045	9143	9932	7825	10587
Long term debt	10310	8563	9405	7537	10234
IMF purchases	735	579	527	288	353
Principal repayments	7694	6409	6697	6736	4244
Long term debt	6743	5795	6167	6281	3903
IMF repurchases	951	613	530	455	341
Net flows on debt	5802	1505	3913	3180	7395
Net transfers on debt	-1604	-5974	-2288	-2071	1891
Total debt service paid	15099	13888	12899	11987	9727
Total debt service due	23522	21010	21335	21335	21000

Source: ECA Secretariat calculations based on the World Bank's World Debt Tables, 1994-95

* preliminary estimates

Table XI.5

Twenty Four Severely Indebted Low Income Countries in sub-Saharan Africa, 1990-93

	1990	1991	1992	1993
DEBT STOCK	119568	123347	120819	125820
LONG-TERM DEBT (LDOD)	102742	106275	101692	102835
USE OF IMF CREDIT	4731	4752	4495	4346
SHORT TERM DEBT	12096	12322	14633	18638
INTEREST ARREARS	5139	5611	7184	9779
MEMO: PRINCIPAL ARREARS ON LDOD	10031	11918	14921	18691
TOTAL ARRERS ON DEBT SERVICE	15170	17529	22105	28470
MEMO: EXPORT CREDITS	29826	30579	28238	27819
CONNECTIONAL DEBT	36972	40674	42529	45375
.MULTILATERAL	16569	18812	20111	22242
.BILATERAL	20403	21862	22418	23133
CONCESSIONAL DISBURSMENTS	3956	3631	3368	3403
.MULTILATERAL	2617	2659	2500	2570
.BILATERAL	1339	972	868	833
DEBT FLOWS				
DISBURSEMENTS	6713	6026	5313	4657
PRINCIPAL REPAYMENTS	4110	3446	4141	2430
NET FLOWS ON DEBT	3878	2331	1911	3663
INTEREST PAYMENTS	3764	4179	3242	2771
NET TRANSFERS ON DEBT	124	-1846	-1331	889
TOTAL DEBT SERVICE PAID	7874	7622	7381	5201
TOTAL DEBT SERVICE DUE	15448	14728	14576	12834
SOME KEY INDICATORS OF INDEBTEDNESS (PER CENT)				
DEBT STOCK/GDP	115.3	121.2	118.2	127.4
DEBT STOCK/XGS	393.6	442.3	437.0	492.0
DEBT SERVICE/GDP	7.6	7.5	7.2	5.3
DEBT SERVICE/XGS	25.9	27.3	26.7	20.3
TOTAL ARREARS/DEBT STOCK	12.7	14.2	18.3	22.6
CONCESSIONAL DEBT/DEBT STOCK	30.9	33.0	35.2	36.1
CONCESSIONAL DISBURSEMENTS/DESBURSEMENTS	58.9	60.3	63.4	73.1
MULTILATERAL DEBT/DEBT STOCK	13.9	15.3	16.6	17.7
MULTILATERAL DEBT/CONCESSIONAL DEBT	44.8	46.3	47.3	49.0

Source: ECA Secretariat calculations based on the World Bank's World Debt Tables, 1994-95

Burundi, CAR, Cote d'Ivoire, Equatorial guinea, Ethiopia, Ghana, Guinea, Guinea Bissau, Kenya, Liberia, Madagascar, Mali, Mauritania, Mozambique, Niger, Nigeria, Rwanda, Sao Tome, Sierra Leone, Somalia, Tanzania, Uganda, Zaire, Zambia.

Table XI.6

Three Severely Indebted Middle Income Countries in the Sub-Sahara, 1990-93

	1990	1991	1992	1993
DEBT STOCK	18955	19490	20814	21327
LONG-TERM DEBT (LDOD)	16232	16333	17099	17507
USE OF IMF CREDIT	132	127	69	21
SHORT TERM DEBT	2591	3033	3647	3799
INTEREST ARREARS	483	1036	1400	2037
MEMO: PRINCIPAL ARREARS ON LDOD	1299	2349	3282	4797
TOTAL ARREARS ON DEBT SERVICE	1782	3385	4682	6834
MEMO: EXPORT CREDITS	5897	5671	5889	6411
CONCESSIONAL DEBT	5828	6022	6398	6460
.MULTILATERAL	539	553	537	532
.BILATERAL	5289	5469	5861	5928
CONCESSIONAL DISBURSEMENTS	269	202	406	310
.MULTILATERAL	11	23	9	12
.BILATERAL	258	179	397	298
DEBT FLOWS				
DISBURSEMENTS	1735	737	1359	1190
PRINCIPAL REPAYMENTS	754	609	430	404
NET FLOWS ON DEBT	1953	16	1179	302
INTEREST PAYMENTS	522	432	347	320
NET TRANSFERS ON DEBT	1432	-415	831	-18
TOTAL DEBT SERVICE PAID	1276	1040	777	723
TOTAL DEBT SERVICE DUE	2752	2671	2868	2771
SOME KEY INDICATORS OF INDEBTEDNESS(IN PER CENT)				
DEBT/GDP	75.2	96.4	90.0	115.9
DEBT/XGS	246.8	269.1	282.1	349.7
DEBT SERVICE/GDP	5.1	5.1	3.4	3.9
DEBT SERVICE/XGS	16.6	14.4	10.5	11.9
ARREARS/DEBT STOCK	9.4	17.4	22.5	32.0
CONCESSIONAL DEBT DEBT STOCK	30.7	30.9	30.7	30.3
CONCESSIONAL DISBURSEMENTS/DISBURSEMENTS	15.5	27.4	29.9	26.1
MULTILATERAL DEBT/DEBT STOCK	2.8	2.8	2.6	2.5
MULTILATERSL DEBT/CONCESSIONAL DEBT STOCK	9.2	9.2	8.4	8.2

Source: ECA Secretariat calculations based on the World Bank's World Debt Tables, 1994-95; and various sources.

Angola, Cameroon, Congo.

Table XI.7

Severely Indebted Low Income Countries in Africa and Number of Paris Club Agreements Recorded Between January 1980 and June 1993.

1 (1)	2 (4)	3 (3)	4 (4)	5 (3)	6 (1)	7 (2)
Ethiopia	Egypt	Mali	Liberia	Mauritania	Zaire	Madagascar
	Equatorial Guinea	Nigeria	Mozambique	Uganda		Niger
	Guinea-Bissau	Sudan	Sierra Leone	Zambia		
	Somalia		Tanzania			

Source: World Bank, World Debt Tables, 1993-94

(...): number of countries

Table XI 8

Arrears Accumulation, 1980, 1985 1990 and 1993

	Total arrears/Debt stock (%)				Total arrears (millions US$)			
	1980	1985	1990	1993	1980	1985	1990	1993
Sub-Saharan Africa	1.5	3.9	10.9	21.2	763	3503	17174	35278
Low Income Countries	2.0	4.8	11.7	19.9	742	3205	12995	22941
1. Benin	4.2	18.0	3.4	2.3	18	147	42	34
2. Burkina Faso	0.0	6.1	10.2	5.1	0	31	85	62
3. Burundi	0.0	1.8	0.0	1.0	0	8	0	11
4. Central African Republic	27.7	1.4	4.4	13.1	54	5	34	123
5. Chad	15.4	31.3	2.6	6.8	35	60	13	54
6. Comoros	0.0	1.5	20.5	17.0	0	2	38	30
7. Equatorial Guinea	7.9	3.8	20.0	37.6	6	5	48	100
8. Ethiopia	0.2	0.0	7.4	19.7	2	1	277	925
9. Gambia	0.0	8.1	0.6	0.0	0	20	2	0
10.Ghana	0.7	1.4	2.6	2.1	10	32	99	92
11.Guinea	11.5	17.9	9.9	15.0	129	261	245	420
12.Guinea Bissau	4.5	9.4	10.1	24.5	6	29	60	162
13.Kenya	0.1	0.4	1.5	11.5	5	15	105	750
14.Lesotho	0.0	0.0	1.3	0.0	0	0	5	0
15.Liberia	0.7	14.5	58.5	44.4	5	181	1088	872
16.Madagascar	1.6	3.7	13.2	33.5	20	101	544	1526
17.Malawi	0.5	0.2	2.0	0.3	4	2	31	6
18.Mali	10.4	6.9	3.1	16.2	76	102	76	397
19.Mauritania	6.4	4.2	11.5	24.1	54	62	246	570
20 Mozambique	...	9.1	27.5	34.2	..	247	1304	1794
21 Niger	0.1	0.7	6.4	13.2	1	9	116	183
22.Nigeria	0.0	1.2	6.9	19.5	0	242	2393	6076
23.Rwanda	0.0	0.0	1.8	3.7	0	0	13	33
24.Sao Tome & Principe	0.0	4.8	13.7	22.8	0	3	30	46
25.Sierra Leone	5.7	11.5	31.7	13.8	25	83	366	185
26 Somalia	3.2	11.5	39.2	48.5	21	188	929	1200
27.Tanzania	0.9	10.2	14.0	17.8	22	383	856	1225
28.Togo	4.7	0.0	0.5	3.3	49	0	7	45
29.Uganda	13.5	5.4	13.2	12.3	94	67	344	395
30.Zaire	1.4	5.1	12.9	38.2	67	314	1314	4249
31.Zambia	1.2	13.2	31.6	20.8	39	605	2285	1376
32.Zimbabwe	0.0	0.0	0.0	0.0	0	0	0	0
Middle Income Countries	0.1	1.3	9.1	24.4	21	298	4179	12337
1. Angola	..	1.8	7.8	36.2	..	44	641	3716
2. Botswana	0.0	0.0	1.0	1.3	0	0	5	7
3. Cameroon	0.2	1.0	6.0	14.3	5	30	358	976
4. Cape verde	0.0	0.0	12.7	16.7	0	0	19	29
5 Congo	0.9	5.6	13.4	43.3	14	171	658	2046
6. Cote d'Ivoire	0.0	0.4	13.6	22.1	0	34	2265	4214
7 Djibouti	0.0	0.0	0.5	1.5	0	0	1	3
8 Gabon	0.0	0.0	5.3	27.3	0	0	210	1018
9 Mauritius	0.4	0.0	0.8	1.1	2	0	8	12
10 Senegal	0.0	0.7	0.0	7.9	0	19	0	292
11.Seychelles	0.0	0.0	7.2	11.4	0	0	14	19
12 Swaziland	0.0	0.0	0.0	2.2	0	0	0	5
North Africa	1.7	8.2	15.3	8.8	1041	7825	18275	10480
Low Income Countries	3.9	14.0	31.0	18.3	1027	7193	17291	10480
1.Sudan	11.0	27.5	65.0	64.6	570	2503	9950	10400
2 Egypt	2.2	11.1	18.2	0.2	457	4684	7341	80
Middle Income Countries	0.0	1.4	1.5	0.0	14	632	984	0
1.Algeria	0.0	0.0	0.0	0.0	2	0	0	0
2 Libya	0.0	0.0	0.0	0.0	0	0	0	0
3.Morocco	0.1	3.7	4.1	0.0	6	615	960	0
4 Tunisia	0.2	0.3	0.3	0.0	6	17	24	0
Developing Africa	1.6	6.1	12.8	16.1	1804	11328	35449	45758

Source: ECA Secretariat calculations based on the World Bank's World Debt Tables 1993-1994 (Data Extract Programme)

Table XI.9

Liquidity Burden and Debt Overhang of SILICs and Selected SIMICs

DEBT OVERHANG (PRESENT VALUE OF DEBT/EXPORT) b/	LIQUIDITY BURDEN (DEBT/EXPORTS RATIO) a/ LOW TO MODERA (<15%)	HIGH (15-25%)	SEVERE (>25%)		
HIGH (200-300%)	LAO PDR	CENTRAL AFRICAN REPUBLIC GHANA LIBERIA YEMEN	ANGOLA CAMEROON GUINEA HONDURAS	KENYA MALI NIGERIA	
SEVERE (>300%)		RWANDA	BOLIVIA BURUNDI CONGO COTE D'IVOIRE EQUATORIAL GUINEA ETHIOPIA GUINEA BISSAU GUYANA	MADAGASCAR MAURITANIA MOZAMBIQUE MYANNAR NICARAGUA NIGER SAO TOME & PRINCIPE SIERRA LEONE	Somalia Sudan Tanzania Uganda VietNam Zaire Zambia

Source: World Bank, World Debt Tables 1994-95, December 1994

a/ debt service due in 1994 as percentage of 1991-93 average exports
b/ average of annual ratios in 1991-93

Table XII.1
PTA External Merchandise Trade Indicators, 1981-90
Items 1 to 12 in Mn. US $
Items 13 to 21 in %

TYPES OF INDICATORS	ACTUAL FIGURES									
	1981	1982	1983	1984	1985	1986	1987	1988	1989	1990
1. TOTAL WORLD EXPORTS	1853600	1720200	1676100	1781400	1802500	1973600	2341700	2683800	2912200	3339600
2. TOTAL WORLD IMPORTS	1923400	1793400	1734300	1844300	1886200	2052900	2410000	2762400	3002000	3450600
3. TOTAL WORLD TRADE	3777000	3513600	3410400	3625700	3688700	4026500	4751700	5446200	5914200	6790200
4. TOTAL PTA EXPORTS	8254	7894	7389	7857	7165	7557	8729	10130	11019	11779
5. TOTAL PTA IMPORTS	13222	11732	10249	10035	10125	10330	12266	12754	14222	14691
6. TOTAL PTA TRADE	21476	19626	17638	17892	17290	17887	20995	22884	25241	26470
7. INTRA-PTA EXPORTS	644	554	478	459	404	482	492	558	579	580
8. INTRA-PTA IMPORTS	644	554	478	459	404	482	492	558	579	580
9. TOTAL INTRA-PTA TRADE	1288	1108	957	918	808	964	983	1116	1158	1159
10. PTA EXPORTS TO THIRD COUNTRIES	7610	7340	6911	7398	6761	7075	8237	9572	10440	11199
11. PTA EXPORTS FROM 3rd. COUNTRIES	12578	11178	9771	9576	9721	9848	11774	12196	13643	14111
12. TOTAL PTA TRADE WITH 3rd. COUNTRIES	20189	18518	16681	16974	16482	16923	20012	21768	24083	25311
13. INTRA-PTA EXP. AS A % OF TOTAL PTA EXP.	7.80	7.02	6.47	5.84	5.64	6.38	5.63	5.51	5.26	4.92
14. INTRA-PTA IMP. AS A % OF TOTAL PTA IMP.	4.87	4.72	6.67	4.57	3.99	4.67	4.01	4.38	4.07	3.95
15. TOTAL INTRA-PTA TRADE AS A % OF PTA TRADE	6.00	5.65	5.42	5.13	4.67	5.39	4.68	4.88	4.59	4.38
16. INTRA-PTA EXP. AS A % OF PTA EXP. TO 3rd COUNTRIES	8.46	7.55	6.92	6.20	5.97	6.82	5.97	5.83	5.55	5.18
17 INTRA-PTA IMP. AS A % OF PTA IMP. FROM 3rd. COUNTRIES	5.12	4.96	4.89	4.79	4.15	4.90	4.18	4.58	4.25	4.11
18. TOTAL INTRA-PTA AS % OF TOTAL PTA TRADE WITH 3rd. COUNTRIES	6.38	5.98	5.73	5.41	4.90	5.70	4.91	5.13	4.81	4.58
19. TOTAL PTA EXP. AS A % OF TOTAL PTA IMP.	62.43	67.29	72.09	78.30	70.77	73.16	71.16	79.43	77.48	80.18
20. TOTAL PTA TRADE WITH 3rd. COUNTRIES AS % OF TOTAL PTA TRADE	94.00	94.35	94.58	94.87	95.33	94.61	95.32	95.12	95.41	95.62
21. TOTAL PTA TRADE AS A % OF TOTAL WORLD TRADE	0.57	0.56	0.52	0.49	0.47	0.44	0.44	0.42	0.43	0.39

Source : COMESA, Lusaka.

Table XII.2

Intra-Maghreb Union Exports, 1987-91

(Million US $)

	ALGERIA					LIBYA					MOROCCO					TUNISIA				
	1987	1988	1989	1990	1991	1987	1988	1989	1990	1991	1987	1988	1989	1990	1991	1987	1988	1989	1990	1991
ALGERIA						17098	33252	7361	3288	7131	-	6329	29315	41987	50794	72675	89365	89937	177457	101029
GROWTH RATE						653	94	(77.9)	(55.3)	117	-	-	363	43	20.1	84.2	23	0.6	97.3	(43.1)
WORLD (MILLION OF DOLLARS)	7030	7838	9187	9736	7683															
PERCENTAGE/WORLD						0.2	0.4	0.08	0.03	0.09		0.09	0.4	0.4	0.7	1	1.2	1	1.8	1.3
LIBYA	13409	12373	5815	14000							39000	694	8431	115392	35000		13243	13367	76138	29000
GROWTH RATE		(7.7)	(53.0)	141							(40.9)	(99.8)	111	127	(70.0)	-	-	0.9	39.7	59.8
WORLD (MILLION OF DOLLARS)	8813	6683	8240	13877	10775															
PERCENTAGE/WORLD	-	0.2	0.2	0.04	0.1						0.4	0.01	0.1	0.8	0.3	-	0.2	0.2	0.5	0.3
MOROCCO		10770	30016	57409	73599	91336	96176	84467	118520	196597						28865	46155	47737	61819	62423
GROWTH RATE			179	91.3	28.2	120	5.3	(12.2)	40.3	65.9						115	66.8	(0.9)	29.5	0 9
WORLD (MILLION OF DOLLARS)		2793	3659	3336	4281	4287														
PERCENTAGE/WORLD		0.3	0.9	1.4	1.7	3.3	2.6	2.5	2.8	4.6										
TUNISIA	67148	59250	64750	81080	78683	7774	37304	121669	160760	201727	17066	11887	17391	23561	26777	1	1.3	1.4	1.5	1 5
GROWTH RATE	(25.1)	(11.8)	9.3	25.2	(2.9)	60.7	379	226	82	25.5	133	(30.3)	46.3	35.5	13.6					
WORLD (MILLION OF DOLLARS)	2143	2391	2933	3498	3700															
PERCENTAGE/WORLD	3.1	2 5	2.2	3 3	2.1	0.4	1.6	4.1	4.6	5 5	0.8	0.5	0.6	0.5	0.7					

Source : ECA secretariat.

Table XII.3

Intra-African Trade by Commodity Class : 1980-1992

(Million US Dollars)

	1980		1989		1990		1991		1992	
	VALUE	% OF TOTAL	VALUE	% OF TOTAL	VALUE	% OF TOTAL	VALUE	% OF TOTAL	VALUE	% OF TOTAL
BEVEREGES, FOOD & TOBACCO	727	24.4	871	22.5	926	23.5	984	20.2	1097	20.6
OILS, FATS & CRUDE MATERIALS	271	9.1	483	12.5	486	12.4	594	12.2	597	11.4
MINERAL FUELS	1219	40.9	1123	29.1	1163	29.6	1622	33.3	1793	34.3
CHEMICALS	131	4.4	333	8.6	312	7.9	356	7.3	408	7.8
MACHINERY	87	2.9	274	7.1	243	6.2	341	7.0	288	5.5
OTHER MANUFACTURES	543	18.2	781	20.2	803	20.4	970	19.9	1064	20.3
TOTAL	2978	100.0	3865	100.0	3933	100.0	4867	100.0	5229	100.0

Source : UN, Monthly Bulletin of Statistics (Various Issues)

Table XIII.1

Gross Enrolment Ratios at First Level Among Males and Females in Selected African Countries, 1980, 1985 and 1990

(Percentage)

	MALES			FEMALES		
	1980	1985	1990	1980	1985	1990
ANGOLA	71	118	112	48	96	70
BENIN	87	91	61	41	45	-
BURKINA FASO	23	37	45	14	21	28
CENTRAL AF. REP.	92	94	85	51	58	52
CHAD	-	63	79	-	24	35
GAMBIA	67	84	75	35	52	53
GUINEA	48	47	50	25	22	24
MALAWI	72	68	73	48	52	60
MALI	34	30	30	19	17	17
NIGERIA	118	91	82	90	73	63
RWANDA	66	66	72	60	63	70
SUDAN	59	58	56	41	41	43
UGANDA	56	-	60	43	-	45
ZAIRE	108	106	87	77	68	60

Source : UNESCO, Statistical Yearbooks 1993 & 1994; World Bank, African Development Indicators, 1994-95.

Table XIII.2 Gross Male/Female Enrolment Ratios in Primary Education, 1980 & 1990 (Percentage)				
	1980		1990	
	MALE	FEMALE	MALE	FEMALE
SUB-SAHARAN AFRICA	87.7	67.3	75.4	61.2
ARAB STATES	88.0	63.8	92.2	74.1
LATIN AMERICA AND CARABBEAN	105.9	103.1	108.6	105.1
EASTERN ASIA	117.3	102.7	123.2	115.3
SOUTHERN ASIA	91.1	60.4	100.6	76.3

Source : UNESCO, World Education Report, 1993

Table XIII.3
Percentage of Elementary Students in Grade VI :
Selected African Countries

	LATEST YEAR	FEMALE	ALL
BENIN	1988	10	11
CAPE VERDE	1989	9	9
CENTRAL AF. REP.	1989	9	11
CHAD	1989	5	8
ETHIOPIA	1988	10	10
GABON	1987	11	11
GUINEA	1990	9	10
GUINEA BISSAU	1988	4	4
MALI	1989	9	9
MOZAMBIQUE	1989	9	10
TOGO	1988	8	9
ZAIRE	1987	9	11

Source : UNESCO, Statistical Yearbook, 1992.

Table XIII.4

Average Expected Years of Schooling by Age 18 in Selected African Countries

1985

ECONOMY	FEMALES	MALES	DIFFERENCE
			MALE-FEMALE
LOW-INCOME			
BENIN	3.5	7.0	3.5
BURKINA FASO	1.5	2.6	1.1
BURUNDI	2.8	4.1	1.3
GUINEA	1.5	3.5	2.0
RWANDA	5.0	5.4	0.4
SOMALIA	1.2	2.3	1.1
LOWER-MIDDLE-INCOME			
BOTSWANA	9.3	8.5	-0.8
LESOTHO	10.3	7.9	-2.4
MOROCCO	5.0	7.7	2.7
TUNISIA	8.5	10.7	2.2
UPPER-MIDDLE-INCOME			
ALGERIA	8.0	10.3	2.3
AVERAGE FOR THE ABOVE 11 COUNTRIES	5.2	6.4	1.2
AVERAGE FOR THE 6 LOW-INCOME COUNTRIES	2.6	4.2	1.6
AVERAGE FOR THE 5 MIDDLE-INCOME COUNTRI	8.2	9.0	0.8

Source : Adapted from Hill and King, op.cit.

Table XIII.5

Male and Female Graduates in Basic Science, Technology, Engineering and Agriculture in Selected African Countries

(Percentage)

	YEAR	FIELD OF STUDY	MALE GRADUATES	FEMALE GRADUATES
SIERRA LEONE	1993	ENGINEERING	97	3
		AGRICULTURE	87.5	12.5
		BASIC SCIENCES	82.7	17.3
		TECHNOLOGY	-	-
MALAWI	1992	ENGINEERING	93.6	6.4
		AGRICULTURE	76.1	23.9
		BASIC SCIENCES	89.4	10.6
		TECHNOLOGY	90	10
CAMEROON	1991	ENGINEERING	97.9	2.1
		AGRICULTURE	86.3	13.7
		BASIC SCIENCES	-	-
		TECHNOLOGY	-	-
TUNISIA	1993	ENGINEERING	74.2	25.8
		AGRICULTURE	82.93	17.07
		BASIC SCIENCES	64.9	35.1
		TECHNOLOGY	78.6	21.4
GHANA	1991	ENGINEERING	89.8	10.2
		AGRICULTURE	91.8	8.2
		BASIC SCIENCES	65.9	34.1
		TECHNOLOGY	-	-

Source : Tunisia, Report of the Third World Conference on Women, 1994;and femmes de Tunisie, 1994;
Sierra Leone, National Report for the Fourth Conference on Women, 1995;
Malawi, Status of Women in Malawi; and National Report to the Conference on Women, 1995;
Cameroon, Rapport national sur l'evaluation de la mise en oeuvre de strategies d'action prospective de Nairobi et de la declaration d'Abuja sur le developpement participatif, 1994; and Ghana, 'Enrolment in the Universities' University of Science and Technology, 1994.

Table XIII.6

Illiteracy Rates Among Males and Females in Selected African Countries, 1985 and 1990

(Percentage)

	MALES		FEMALES	
	1985	1990	1985	1990
ANGOLA	50	54	77	72
BURKINA FASO	77	72	94	91
CENTRAL AFRICAN REPUBLIC	66	48	88	75
CHAD	66	58	88	82
EQUATORIAL GUINEA	41	36	69	63
GABON	30	27	57	52
GAMBIA	70	61	90	84
GUINEA	75	65	92	87
LIBERIA	57	50	79	71
MALAWI	48	47	69	66
NIGERIA	45	38	69	61
RWANADA	41	36	68	63
SUDAN	61	57	90	88
UGANDA	43	38	71	65

Source : World Bank, African Development Indicators, 1994-1995.

FIG I-1 Africa GDP Growth Rates

1992-1994

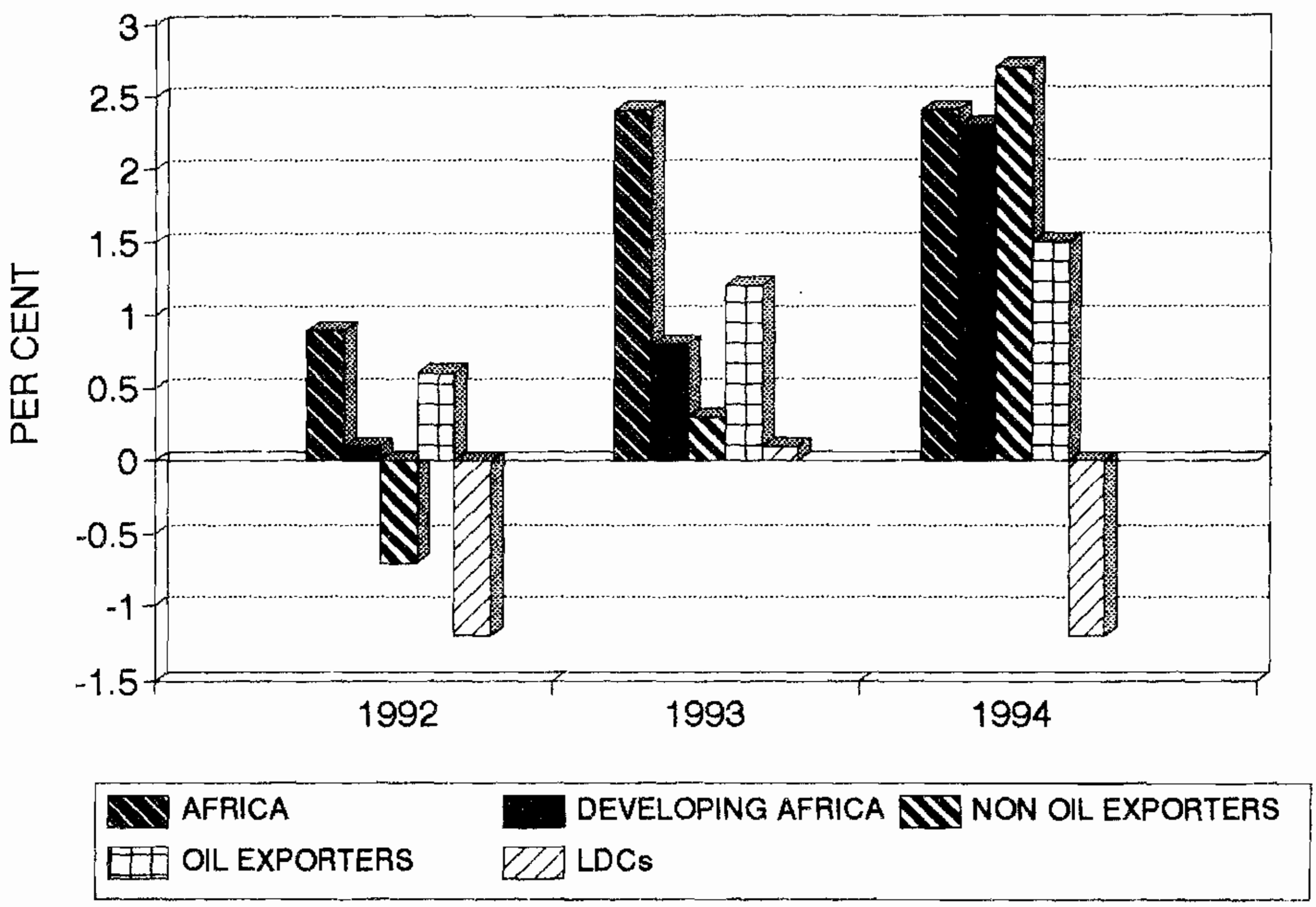


FIG I-2 Africa GDP Growth Rates
By Sub-region 1992-1994

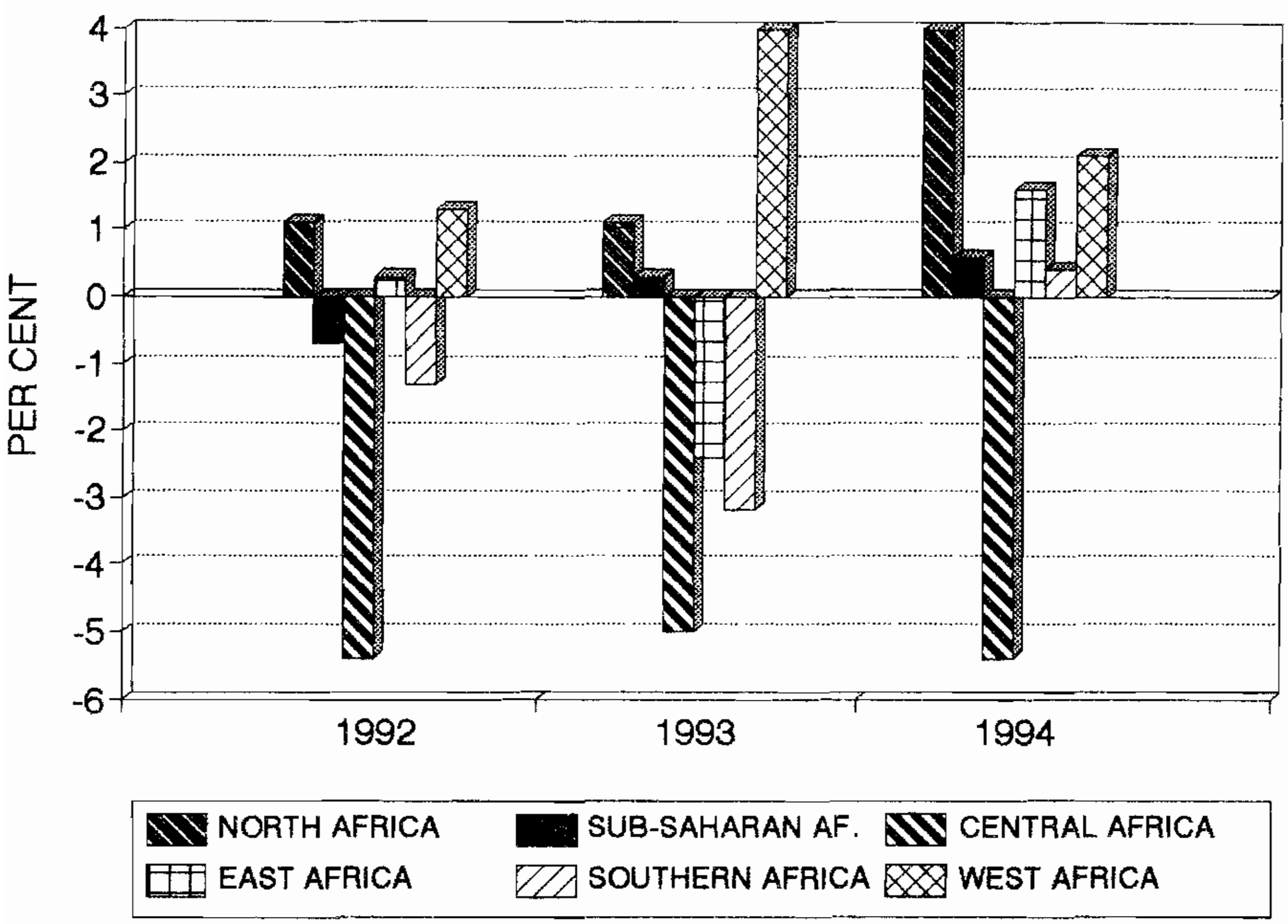


FIG I.3 Africa GDP Per Capita
By Sub-regions, Average 1993-1994

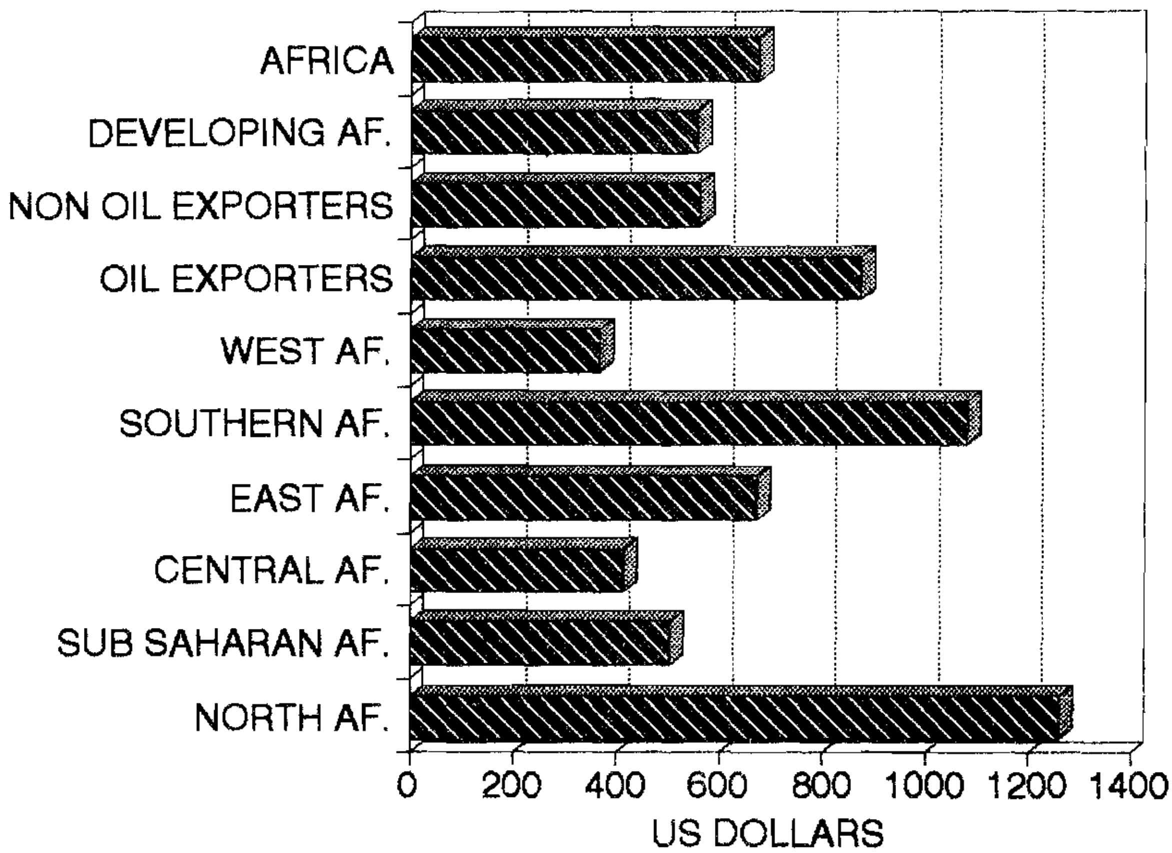


Fig. II.1 World Economy's Growth
1990 - 1994

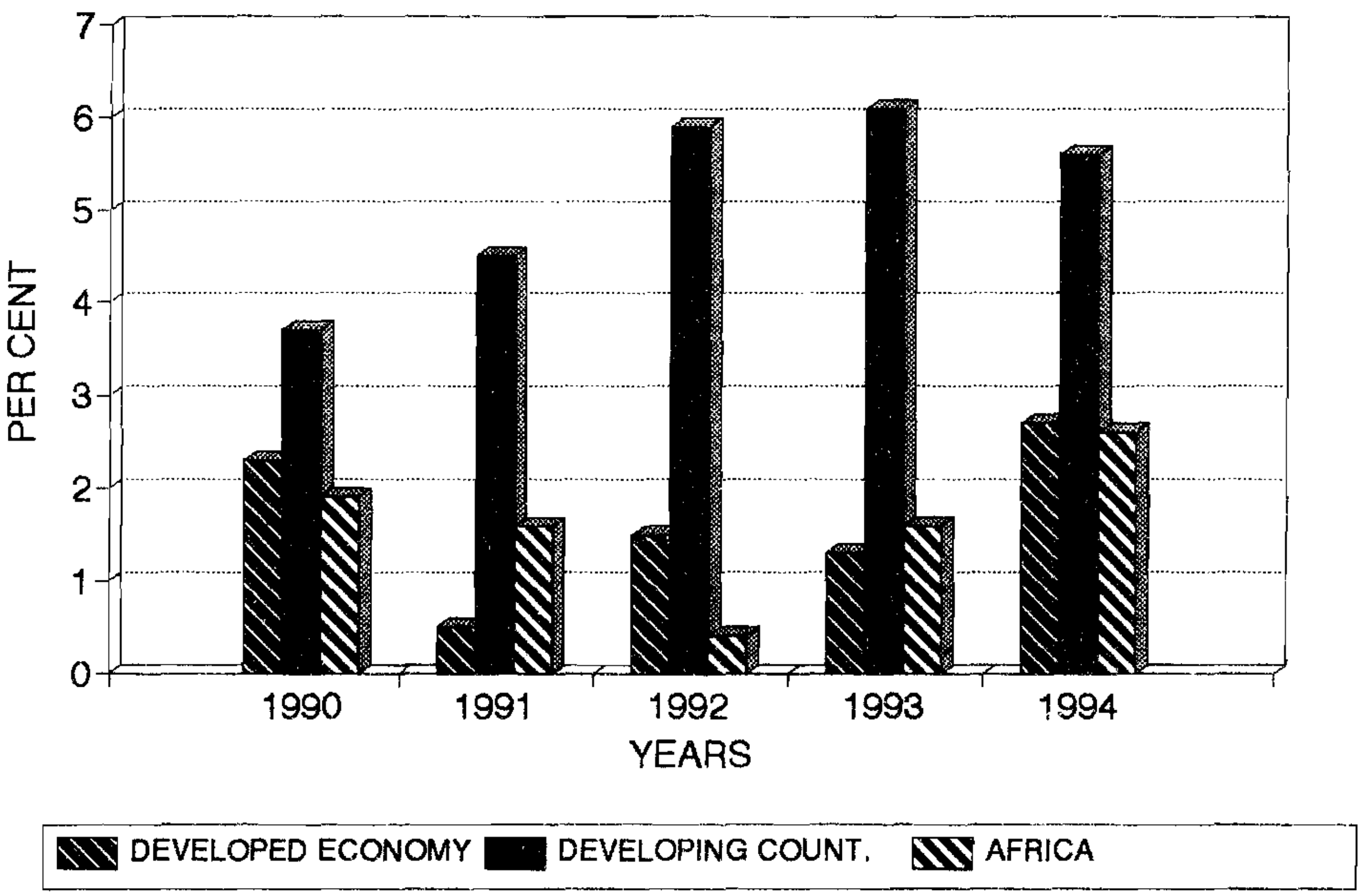
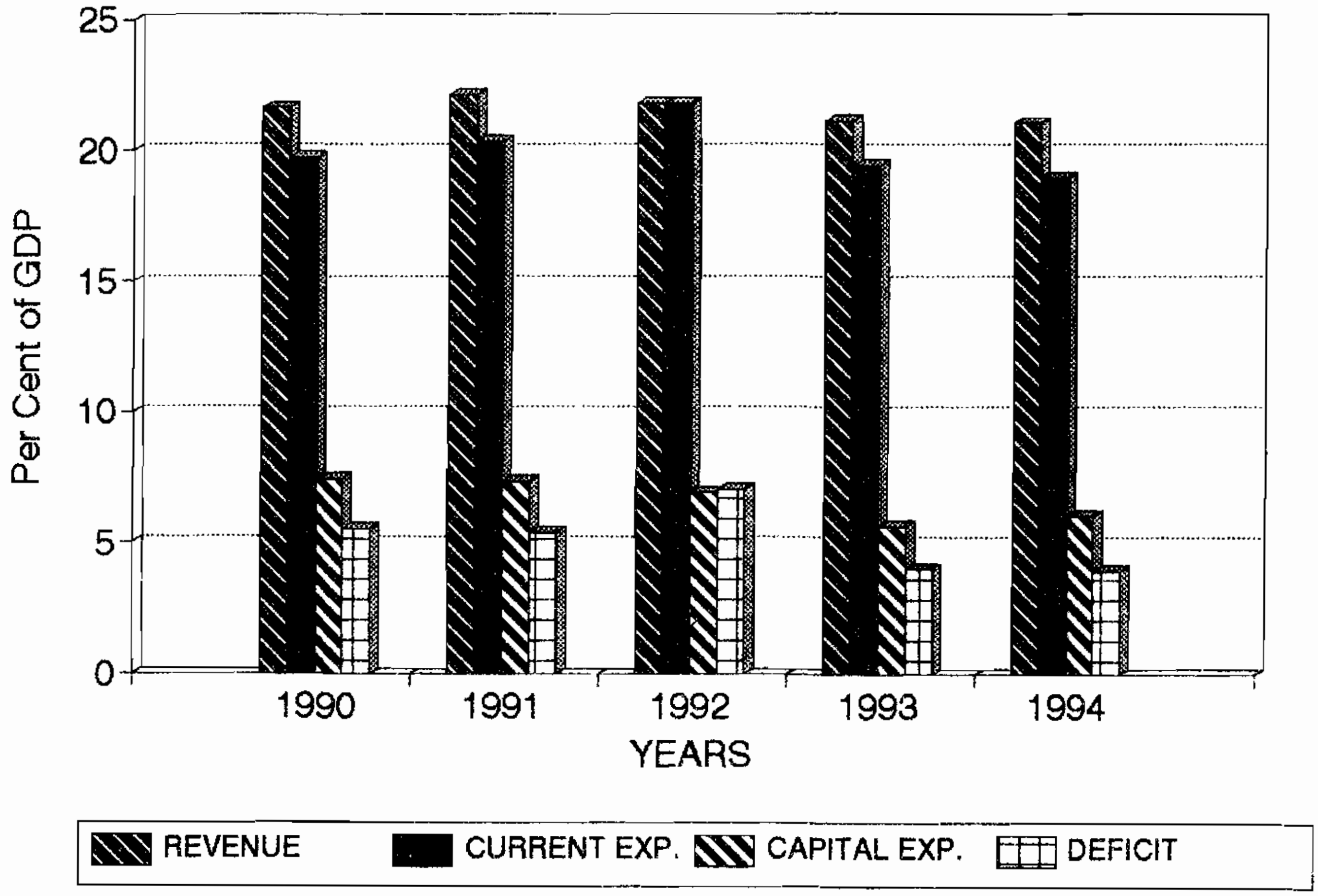


Fig III.1 Fiscal Indicators for Africa

Per Cent of GDP, 1990-1994



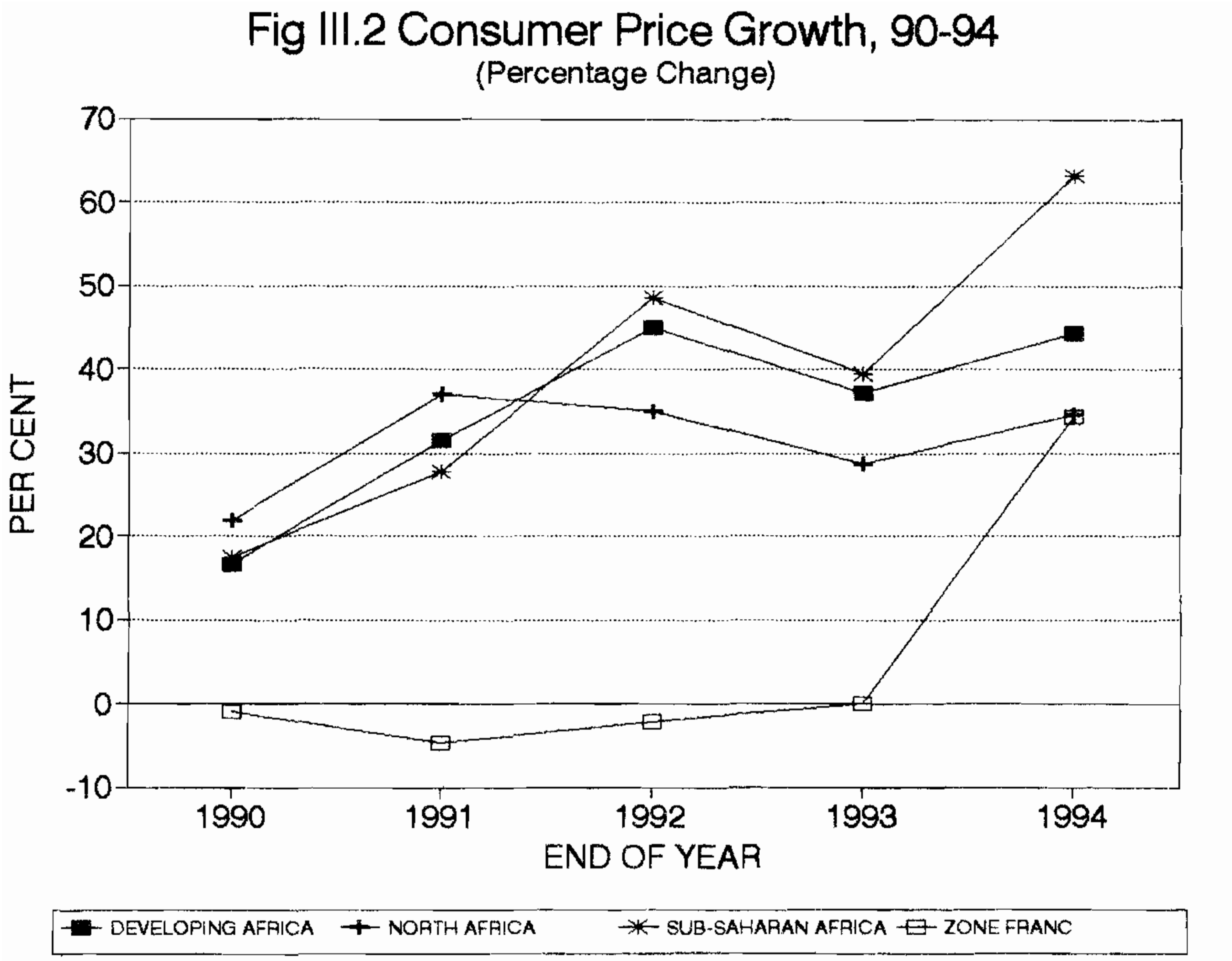


Fig III.2 Consumer Price Growth, 90-94
(Percentage Change)
PER CENT
70
60
50
40
30
20
10
0
-10
1990
1991
1992
1993
1994
END OF YEAR
DEVELOPING AFRICA
NORTH AFRICA
SUB-SAHARAN AFRICA
ZONE FRANC

Fig.VI.1 : Mining Production Index
1990=100

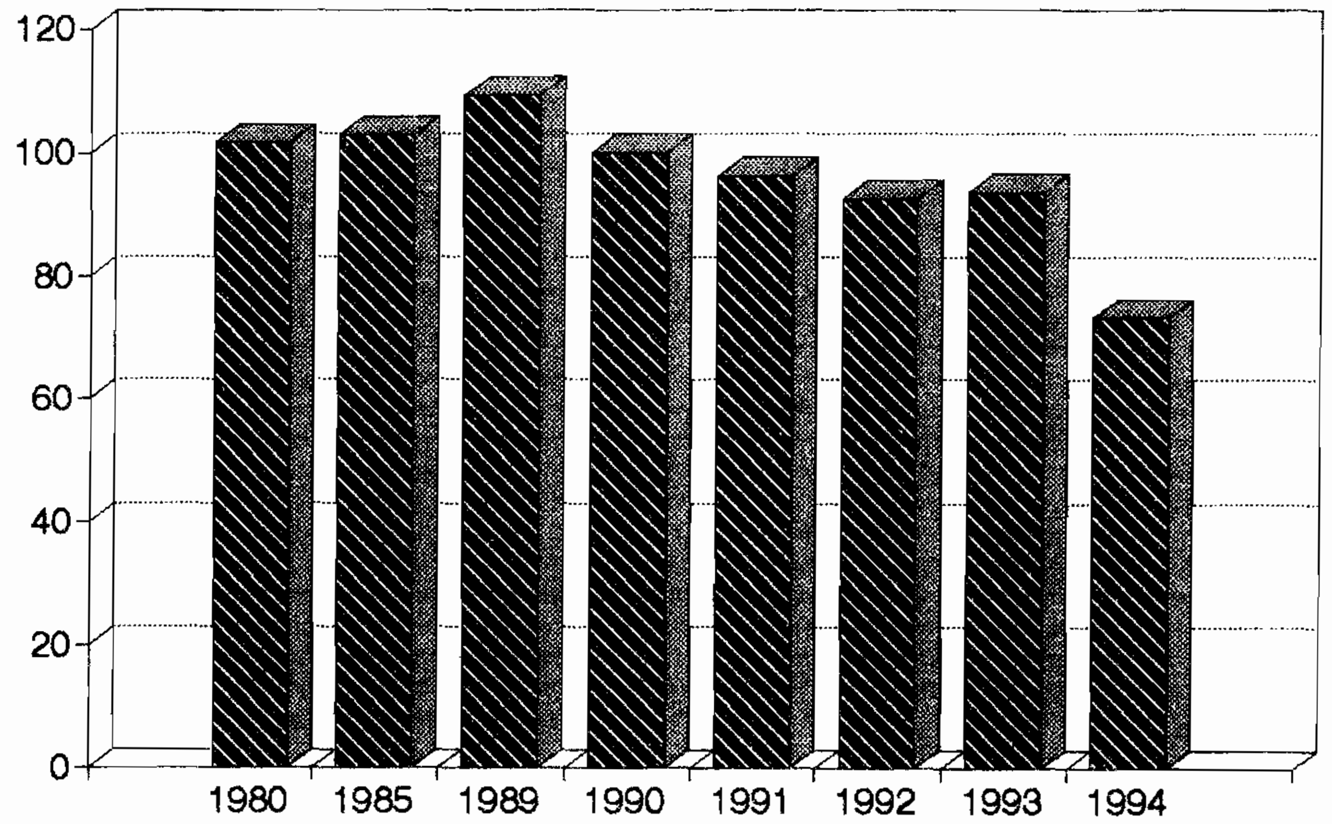


Fig. VII.1 CRUDE OIL PRODUCTION
IN DEVELOPING AFRICA, 1990-94

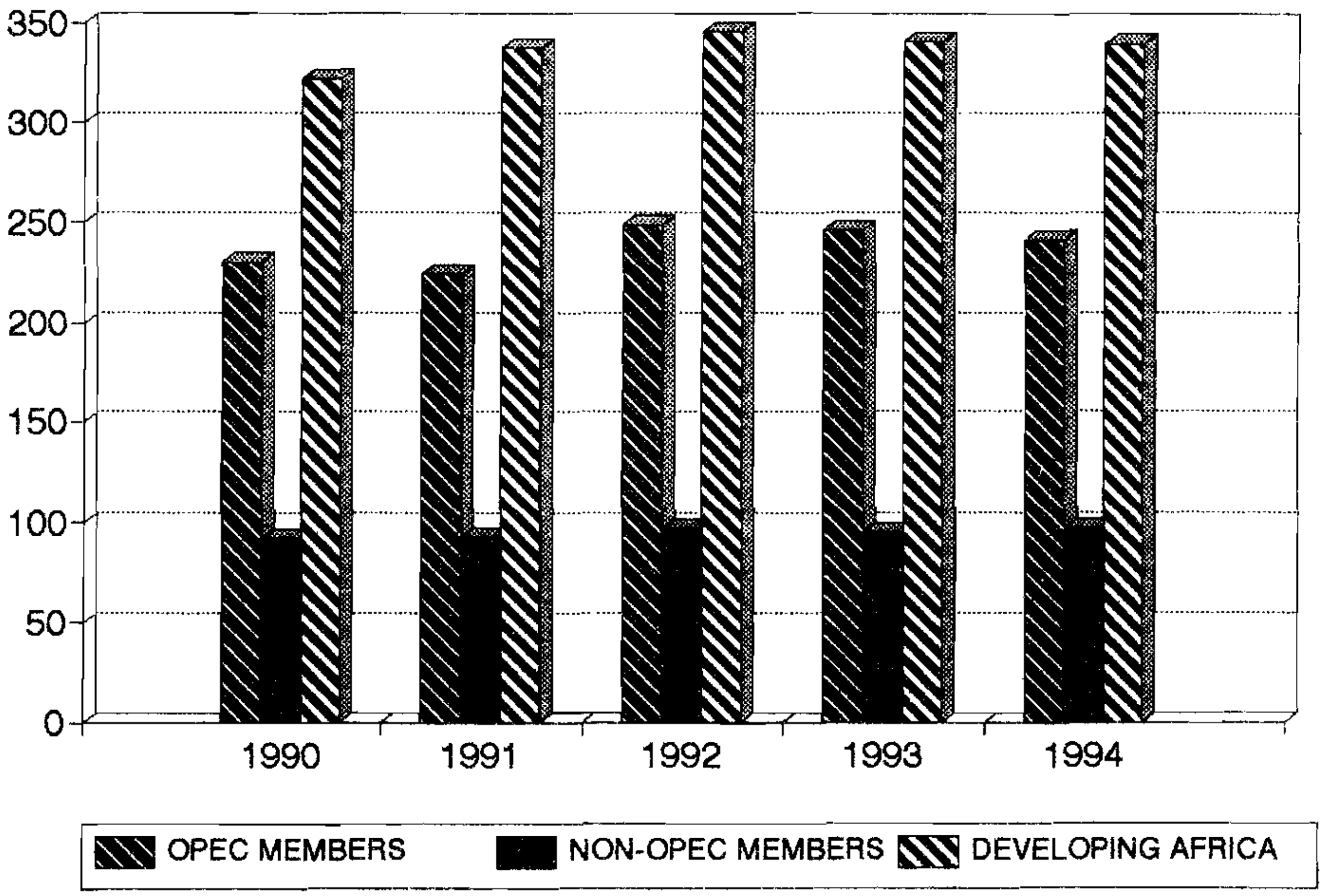


Fig X.1 Export, Import & Terms of Trade
Price Indices (1990=100)

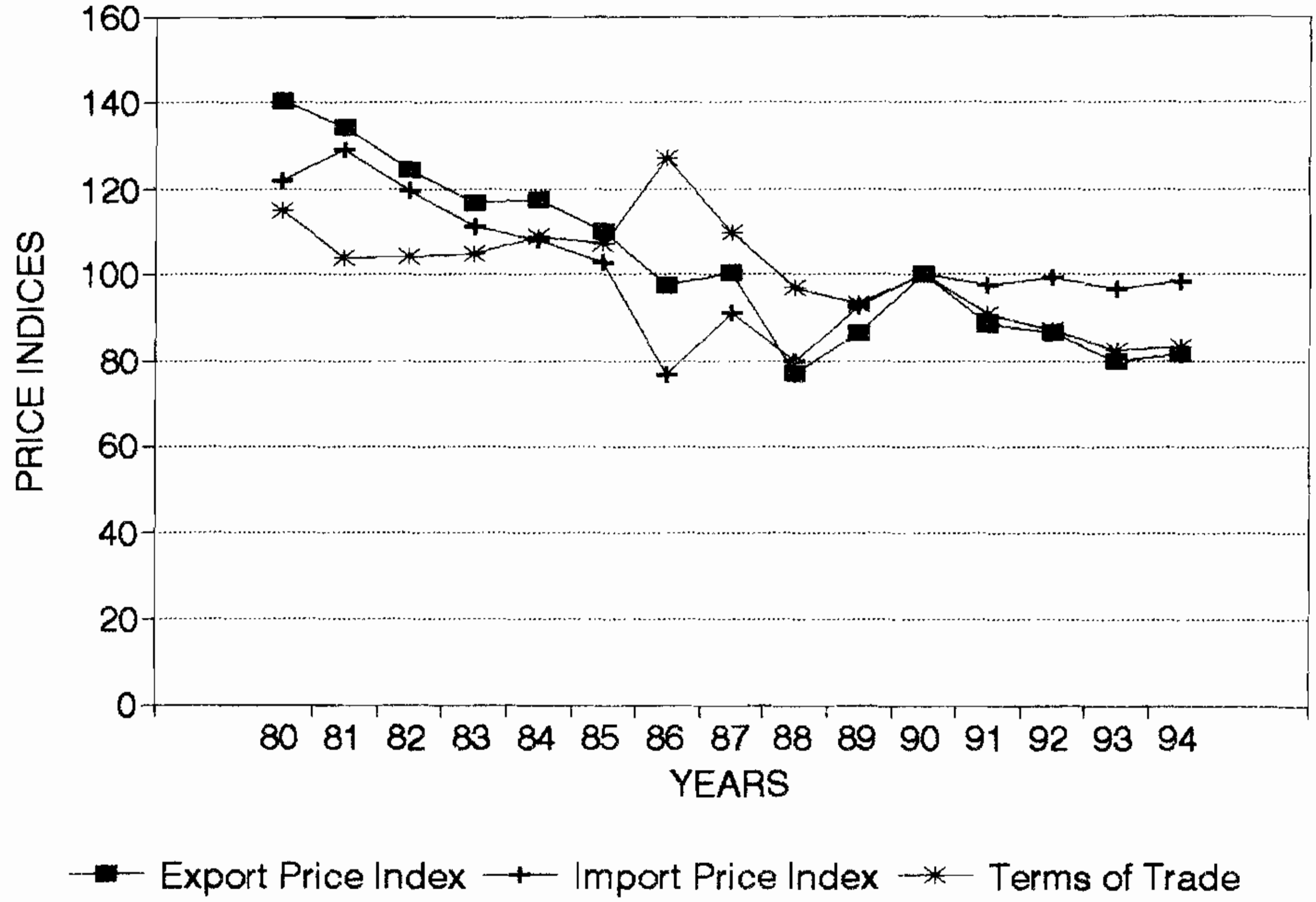


Fig. X.2 UK Brent Weekly Oil Prices

Jan 1994 - Feb 1995

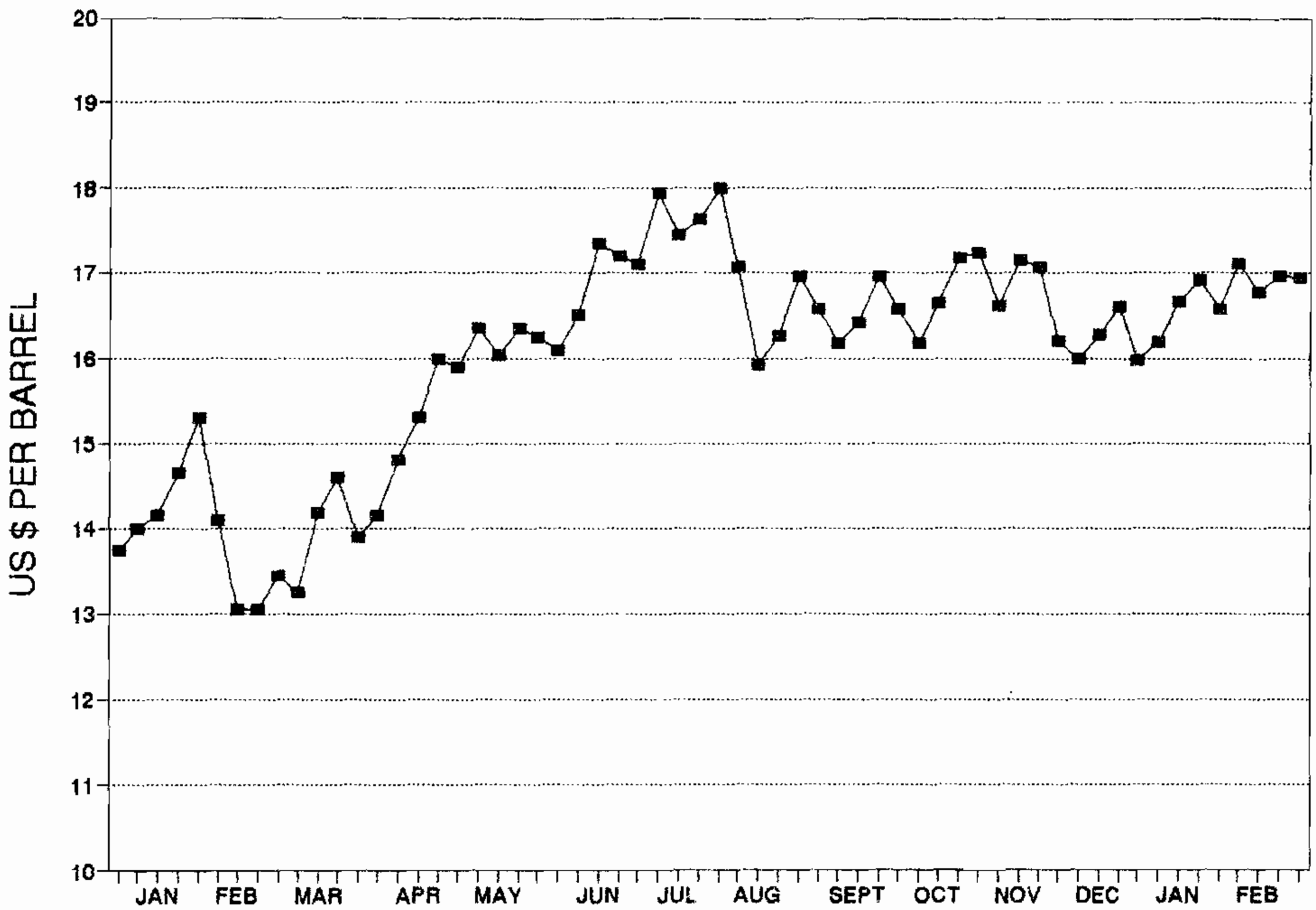
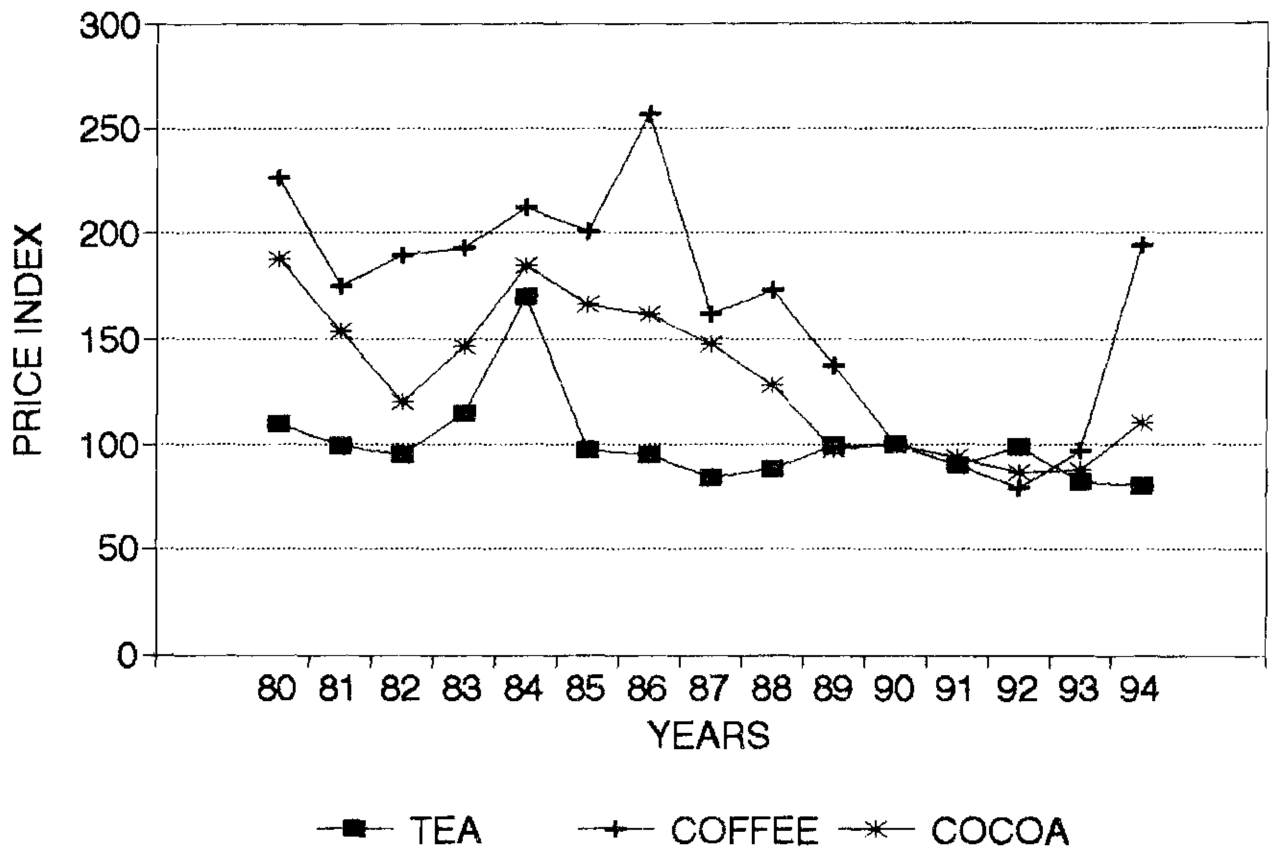


Fig. X.3 Indices of Beverage Prices
1980-94 (1990=100)



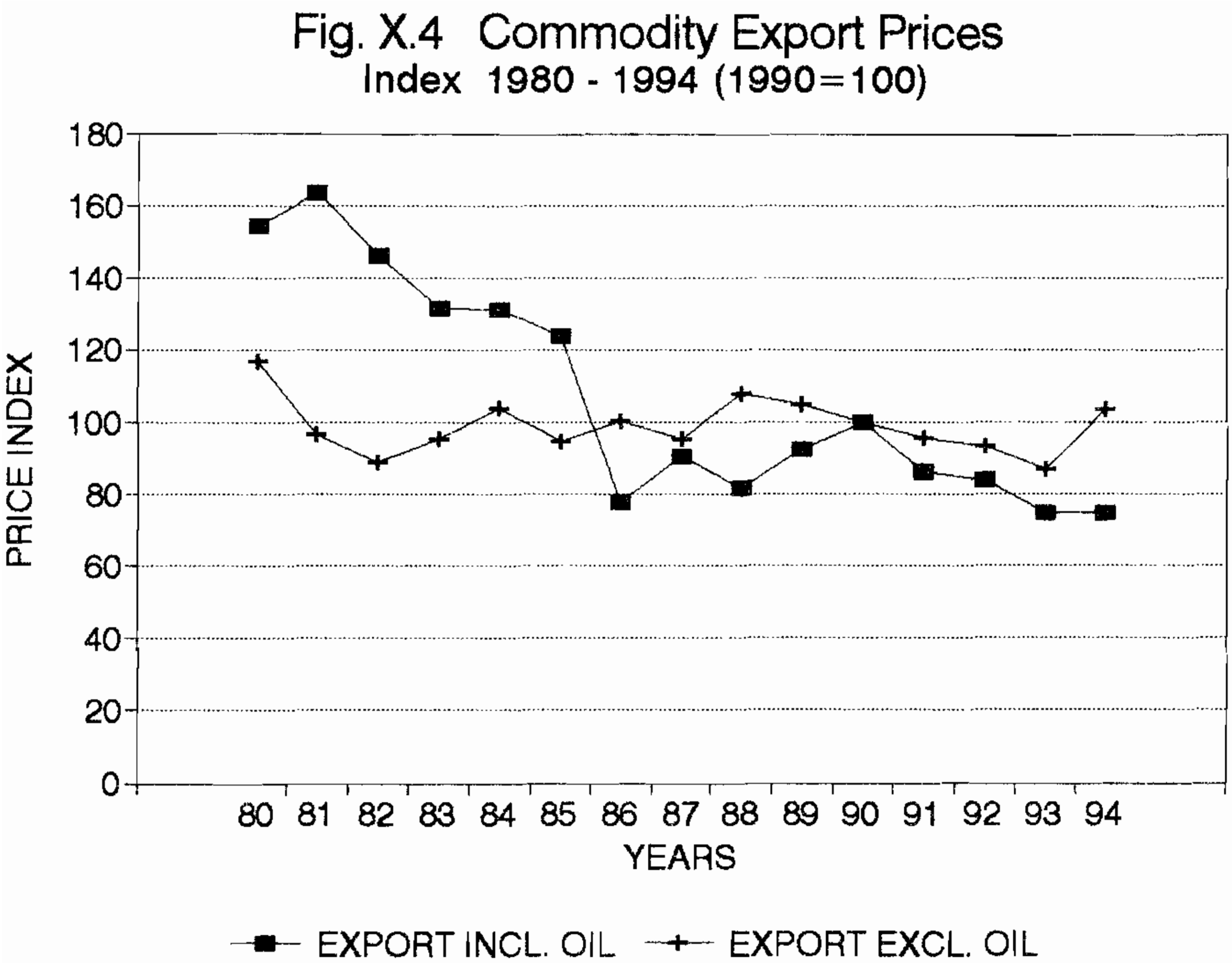


Fig. X.4 Commodity Export Prices
Index 1980 - 1994 (1990=100)
180
160
140
120
100
80
60
40
20
0
PRICE INDEX
80 81 82 83 84 85 86 87 88 89 90 91 92 93 94
YEARS
EXPORT INCL. OIL
EXPORT EXCL. OIL

Fig. XI.1: Sub-Saharan Africa Arrears and net transfers on debt, 1990-1994

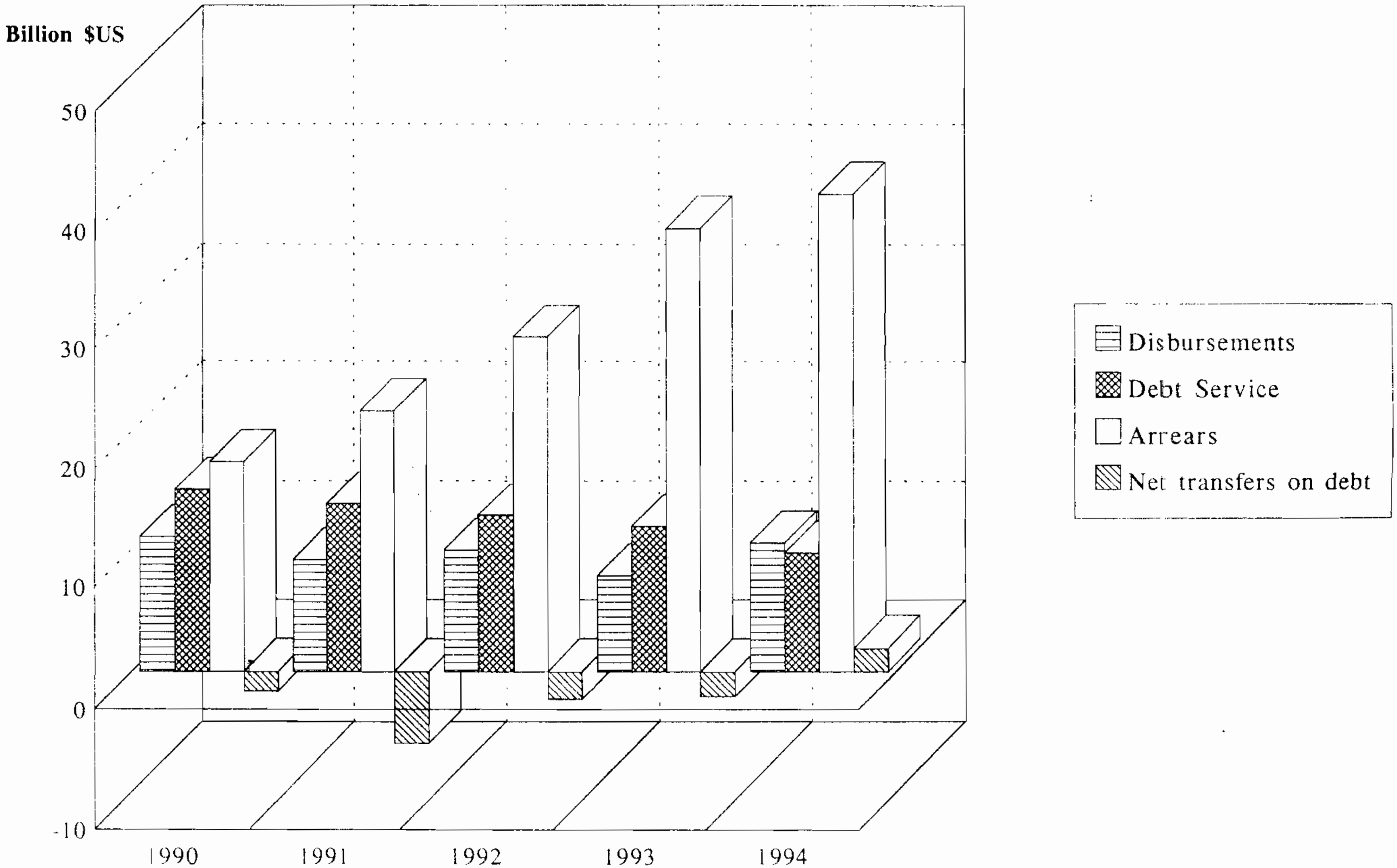


Fig. XI.2:
Severely Indebted Low-Income Countries in sub-Saharan Africa: Some debt indicators, 1990-1993

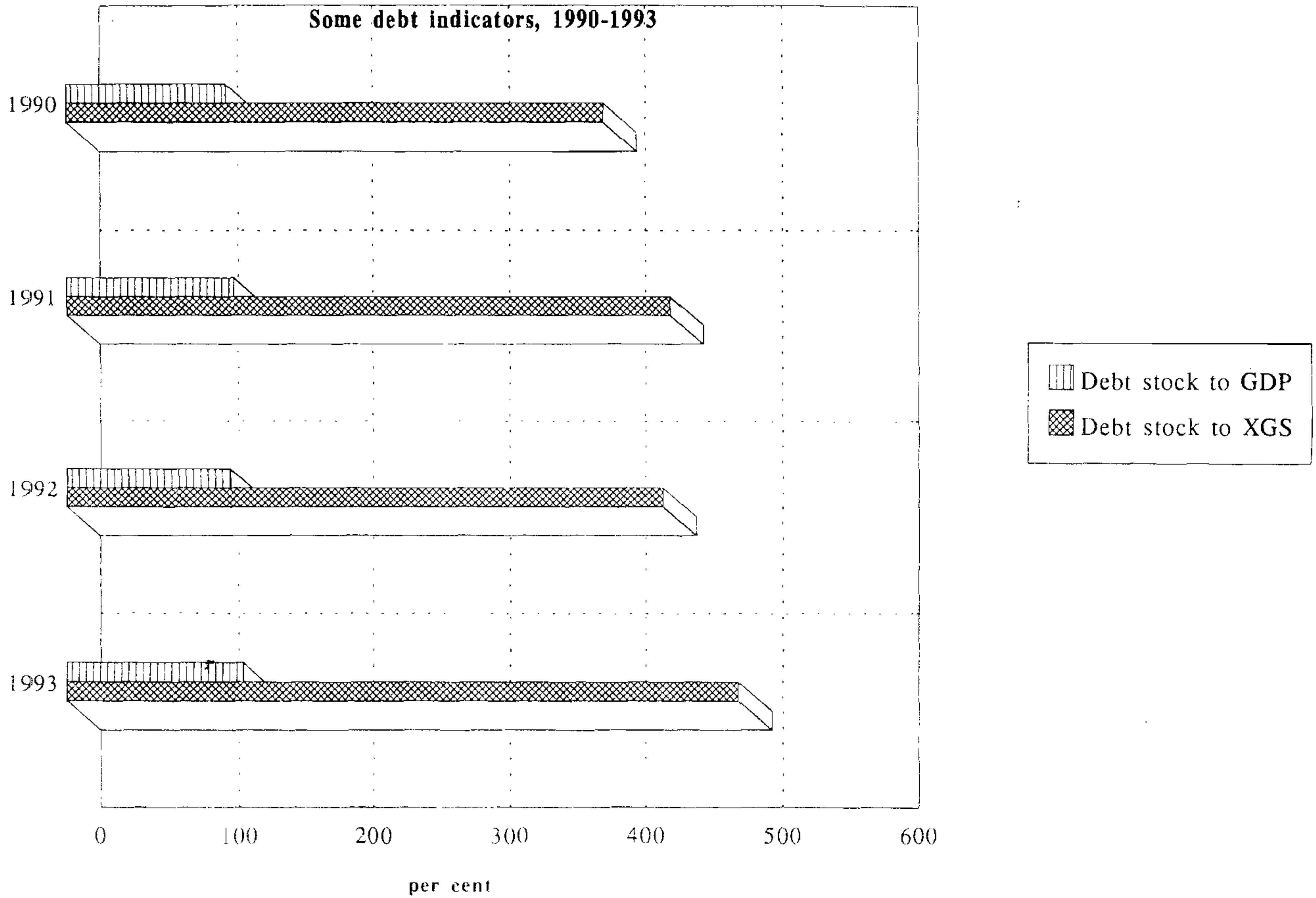


Fig. XI.3:
Severely Indebted Middle-Income Countries in sub-Saharan Africa: Some debt indicators, 1990-1993

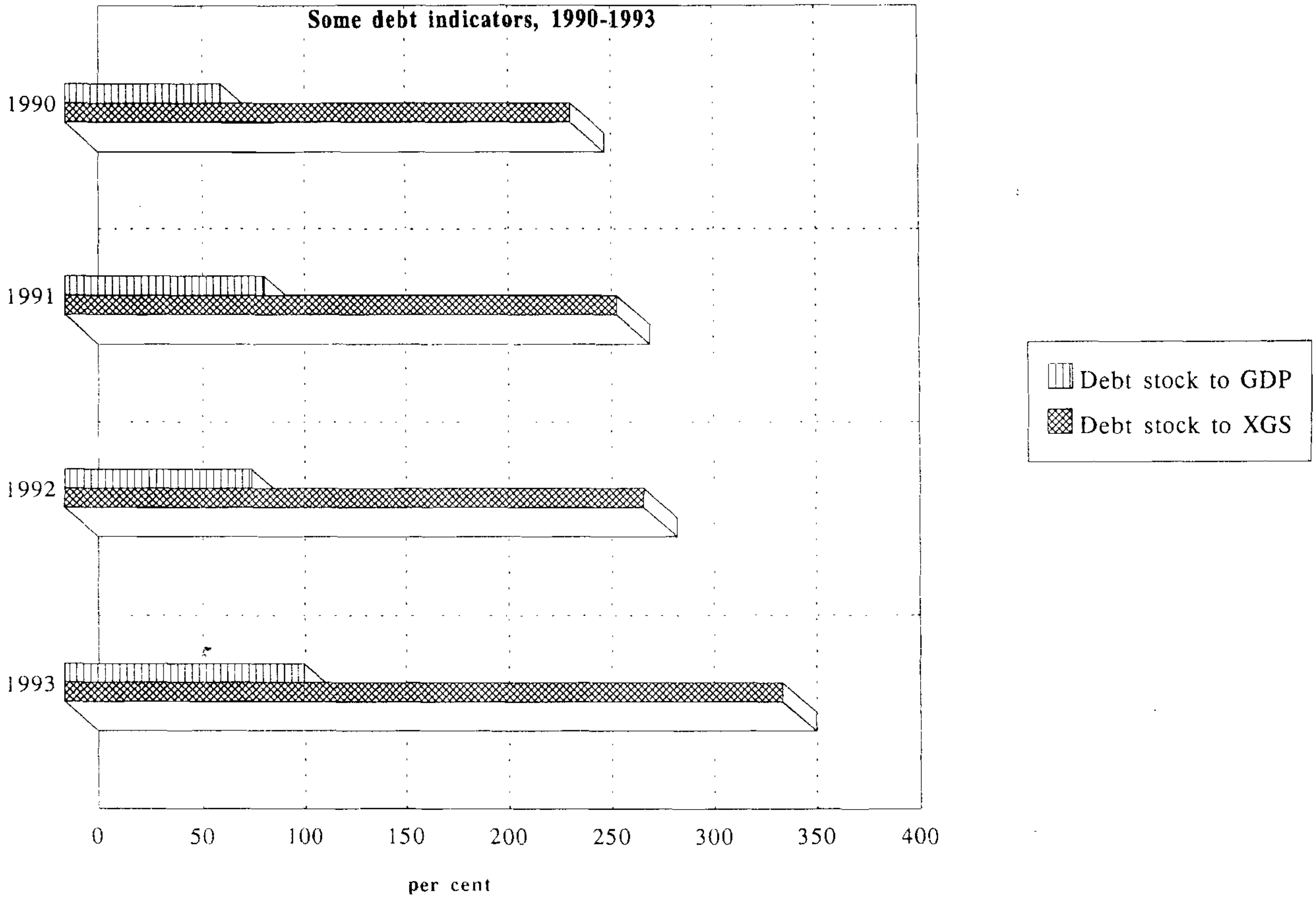
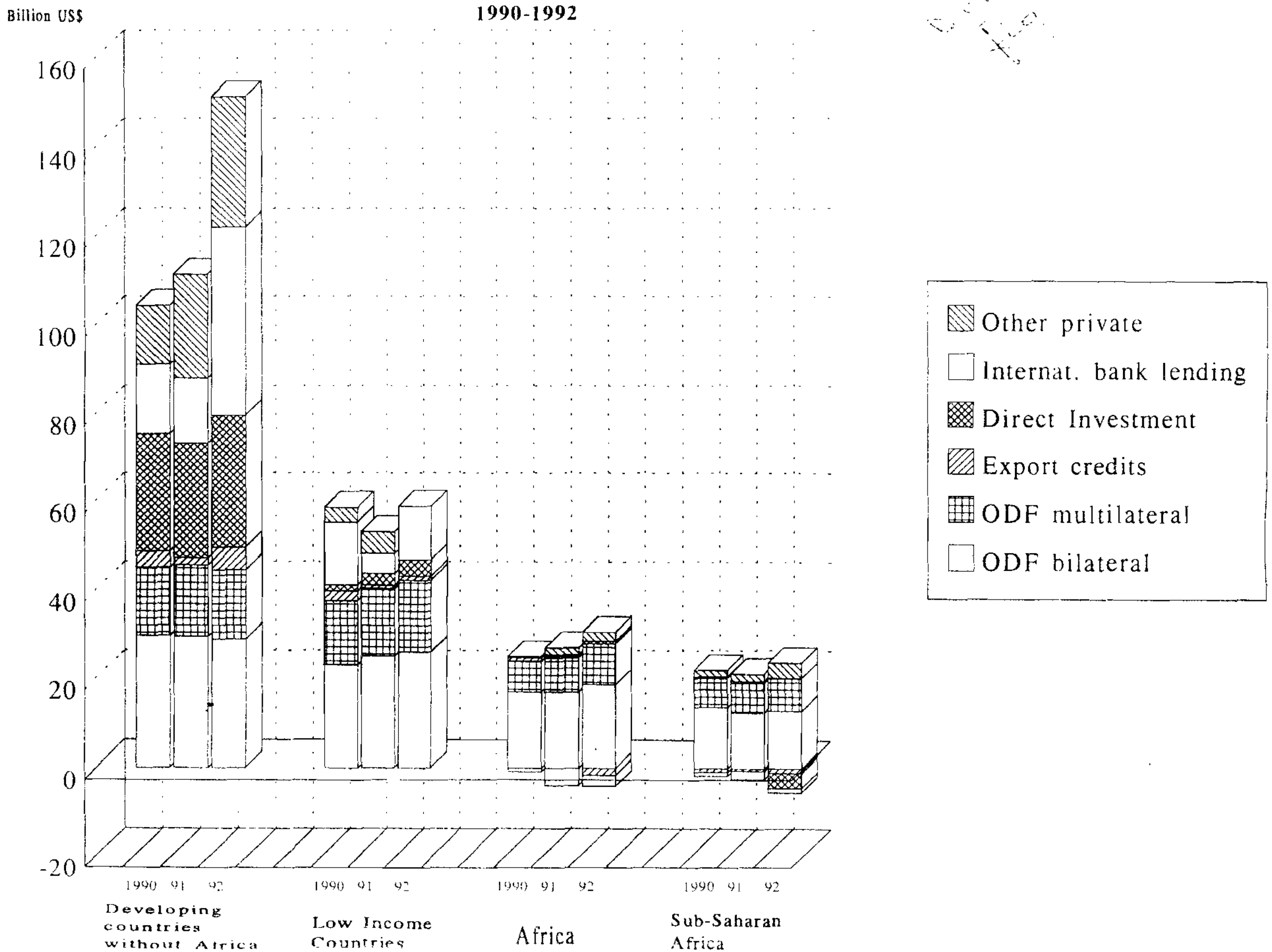


Fig.XI.4: Total net resource flows to Africa and developing countries 1990-1992



STATISTICAL ANNEXES

Table I. BASIC INDICATORS

	1993 GDP IN MILLION US $ AT 1990 PR.	1993 POPULATION IN '000	1993 GDP PER HEAD AT '90 PRICES	1993 GROWTH OF CONSUMER PRI INDEX (1990=100)
NORTH AFRICA	189564	150881	1256	28.8
ALGERIA	56649	27045	2095	20.5
EGYPT	52642	55963	941	12 5
LIBYA	29161	5035	5792	...
MOROCCO	25924	26909	963	5.2
SUDAN	10459	27364	382	101.4
TUNISIA	14729	8565	1720	4.3
WEST AFRICA	80664	212362	380	36.3
BENIN	2085	5067	411	0.1
BURKINA	3005	9773	307	0 6
CAPE VERDE	409	395	1035	22.1
COTE D'IVOIRE	9747	13414	727	2.8
GAMBIA	354	930	381	6.5
GHANA	7006	16422	427	25.0
GUINEA	3031	6296	481	7.1
GUINEA BISSAU	281	1027	274	48.1
LIBERIA	1797	2840	633	80.0
MALI	2665	10118	263	-0.3
MAURITANIA	1154	2203	524	9.3
NIGER	2399	8514	282	-1.2
NIGERIA	38851	119056	326	57.2
SENEGAL	5784	7937	729	-0.6
SIERRA LEONE	793	4491	177	22.2
TOGO	1303	3879	336	-1.0
CENTRAL AFRICA	32142	81046	397	1017.9
BURUNDI	1379	5980	231	9 7
CAMEROON	10124	12744	794	23 0
CENTRAL AFRICAN REP.	1478	3251	455	-2.9
CHAD	1394	6019	232	-9.2
CONGO	2978	2436	1222	2.4
EQUATORIAL GUINEA	167	380	439	..
GABON	5720	1276	4483	1 5
RWANDA	2631	7768	339	12 4
SAO TOME & P.	55	131	420	..
ZAIRE	6216	41061	151	1986.9
EAST & SOUTHERN AF	163532	255551	640	25.5
ANGOLA	9061	10259	883	...
BOTSWANA	3854	1350	2855	14.3
COMOROS	261	605	431	.
DJIBOUTI	477	481	992	..
ETHIOPIA	5516	54468	101	7.4
KENYA	8820	26036	339	45.8
LESOTHO	660	1908	346	15.0
MADAGASCAR	3028	13235	229	10.0
MALAWI	2052	10565	194	34.1
MAURITIUS	2988	1108	2697	10.5
MOZAMBIQUE	1342	15440	87	42.2
NAMIBIA	2383	1583	1505	8.5
SEYCHELLES	394	75	5253	1.3
SOMALIA	539	9531	57	
SOUTH AFRICA	103863	40774	2547	9 7
SWAZILAND	985	832	1184	17 0
TANZANIA	2746	28702	96	23 5
UGANDA	4213	19188	220	6.1
ZAMBIA	3569	8851	403	189.0
ZIMBABWE	6781	10560	642	27 6
TOTAL AFRICA	465902	699840	666	148.3

Source : ECA secretariat

Table 2. Gross Domestic Product (1990 prices)

Sub-region/Country	Gross Domestic Product Million dollars (at 1990 prices)				Growth rate		
	1980	1985	1993	1994	1980-94	1985-94	1994
North Africa	139804	170136	189564	194787	2.4	1.5	2.8
Algeria	44913	56396	56649	57067	1.7	0.1	0.7
Egypt	33511	47029	52642	54063	3.5	1.6	2.7
Libya	27834	27346	29161	29541	0.4	0.9	1.3
Morocco	17336	20434	25924	27790	3.4	3.5	7.2
Sudan	8175	8356	10459	10639	1.9	2.7	1.7
Tunisia	8035	10575	14729	15687	4.9	4.5	6.5
West Africa	70941	66404	80664	82334	1.1	2.4	2.1
Benin	1483	1717	2085	2183	2.8	2.7	4.7
Burkina Faso	1553	1978	3005	3174	5.2	5.4	5.6
Cape Verde	242	287	409	433	4.2	4.7	5.9
Cote d'Ivoire	10548	10130	9747	9823	-0.5	-0.3	0.8
Gambia	242	215	354	333	2.3	5.0	-5.9
Ghana	5070	4983	7006	7568	2.9	4.8	8.0
Guinea	2111	2306	3031	3176	3.0	3.6	4.8
Guinea Bissau	140	155	281	289	5.3	7.2	2.8
Liberia	2416	2305	1797	1184	-5.0	-7.1	-34.1
Mali	1981	1994	2665	2770	2.4	3.7	3.9
Mauritania	970	927	1154	1202	1.5	2.9	4.2
Niger	2499	2343	2399	2468	-0.1	0.6	2.9
Nigeria	35053	30013	38851	39667	0.9	3.1	2.1
Senegal	4470	4944	5784	5861	2.0	1.9	1.3
Sierra Leone	798	783	793	814	0.1	0.4	2.6
Togo	1365	1324	1303	1389	0.1	0.5	6.6
Central Africa	27599	38103	32142	30419	0.7	-2.5	-5.4
Burundi	671	903	1379	1402	5.4	5.0	1.7
Cameroon	7828	14385	10124	9970	1.7	-4.0	-1.5
Central African Republic	1329	1479	1478	1562	1.2	0.6	5.7
Chad	826	1078	1394	1455	4.1	3.4	4.4
Congo	1717	2878	2978	2872	3.7	-0.0	-3.6
Equatorial Guinea	142	143	167	168	1.2	1.8	0.6
Gabon	5096	6294	5720	5816	0.9	-0.9	1.7
Rwanda	2072	2389	2631	1359	-3.0	-6.1	-48.3
Sao Tome & Principe	84	77	55	56	-2.9	-3.5	1.8
Zaire	7834	8477	6216	5759	-2.2	-4.2	-7.4
East & Southern Africa	131169	144378	163532	169646	1.9	1.8	3.7
Angola	8150	8940	9061	8529	0.3	-0.5	-5.9
Botswana	1224	2105	3854	3949	8.7	7.2	2.5
Comoros	193	229	261	269	2.4	1.8	3.1
Djibouti	421	445	477	479	0.9	0.8	0.4
Ethiopia	5068	5043	5516	5637	0.8	1.2	2.2
Kenya	5759	6829	8820	9044	3.3	3.2	2.5
Lesotho	384	413	660	651	3.8	5.2	-1.4
Madagascar	2722	2591	3028	3094	0.9	2.0	2.2
Malawi	1382	1612	2052	1851	2.1	1.5	-9.8
Mauritius	1462	1823	2988	3192	5.7	6.4	6.8
Mozambique	1363	1064	1342	1369	0.0	2.8	2.0
Namibia	1986	1942	2383	2590	1.9	3.3	8.7
Seychelles	272	291	394	394	2.7	3.4	0.0
Somalia	555	632	539	426	-1.9	-4.3	-21.0
South Africa	86484	95061	103863	109149	1.7	1.5	5.1
Swaziland	365	491	985	982	7.3	8.0	-0.3
Tanzania	1961	2076	2746	2827	2.6	3.5	2.9
Uganda	2562	2872	4213	4516	4.1	5.2	7.2
Zambia	3807	3970	3569	3603	-0.4	-1.1	1.0
Zimbabwe	5049	5949	6781	7095	2.5	2.0	4.6
Total Africa	369513	419021	465902	477186	1.8	1.5	2.4

Source: ECA Secretariat

Table 3. Agricultural Indicators

	Arable land Ha per head	Agriculture * in Million $ at 1990 prices	Food production per head Index (1979-81=100)		Production of cereals (Kg per head)	Cereals imports (Kg per head)
	1991	1994	1985	1992	1992	1991
North Africa	0.27	24332	101.5	101.3	197.4	138.1
Algeria	0.29	6548	114.3	124.2	122.3	217.8
Egypt	0.05	8670	105.4	117.5	268.5	148.9
Libya	0.44	1177	95.4	96.3	61.2	453.9
Morocco	0.36	4769	111.4	101.6	112.4	78.1
Sudan	0.48	4266	92.8	82.9	213.8	47.1
Tunisia	0.58	2182	121.7	115.6	262.0	114.2
West Africa	0.27	25981	98.8	107.7	123.0	24.6
Benin	0.38	836	114.2	117.1	110.1	46.7
Burkina Faso	0.37	1313	111.7	129.0	245.3	19.7
Cape Verde	0.10	193	84.6	105.7	15.6	202.8
Cote d'Ivoire	0.29	3646	99.0	89.3	92.2	53.8
Gambia	0.20	87	100.6	90.1	135.8	115.6
Ghana	0.17	3351	104.9	107.9	60.8	22.9
Guinea	0.12	751	95.7	95.5	167.3	51.5
Guinea Bissau	0.34	130	108.3	104.5	170.0	66.2
Liberia	0.14	569	98.9	63.3	40.0	66.8
Mali	0.21	1220	94.1	91.1	219.8	24.5
Mauritania	0.10	323	86.5	79.1	34.6	168.8
Niger	0.44	980	67.9	77.3	273.9	18.5
Nigeria	0.28	12922	100.7	125.2	109.0	7.0
Senegal	0.30	1156	109.5	96.4	110.9	107.0
Sierra Leone	0.15	238	94.0	79.4	109.3	44.0
Togo	0.18	605	91.1	97.2	122.1	67.5
Central Africa	0.30	9316	93.7	83.9	50.3	15.8
Burundi	0.23	624	100.7	88.8	53.2	5.6
Cameroon	0.57	3007	95.6	74.9	73.4	46.2
Central African Republic	0.63	734	89.5	93.0	23.4	8.8
Chad	0.55	559	97.8	102.6	156.2	13.1
Congo	0.07	336	97.9	91.3	11.4	43.0
Equatorial Guinea	0.62	79	..	..	..	26.1
Gabon	0.37	536	83.5	81.2	20.2	60.1
Rwanda	0.15	864	98.3	78.0	40.1	2.7
Sao Tome & Principe	0.29	11	75.2	59.9	7.9	67.2
Zaire	0.20	2245	100.5	92.1	34.6	8.1
East & Southern Africa	0.25	20118	93.8	75.5	99.6	16.9
Angola	0.35	1578	88.3	79.2	47.0	33.6
Botswana	1.07	193	78.5	60.8	11.4	79.8
Comoros	0.17	107	87.1	81.9	24.0	83.4
Djibouti	4.96	13	..	..	..	171.1
Ethiopia	0.26	2231	88.1	81.9	132.4	16.1
Kenya	0.10	2149	100.5	99.8	119.8	14.0
Lesotho	0.18	70	83.9	55.4	47.5	57.1
Madagascar	0.24	972	96.5	81.6	204.2	9.5
Malawi	0.17	513	84.1	56.2	67.0	12.5
Mauritius	0.10	247	104.4	114.3	1.8	170.2
Mozambique	0.22	537	91.2	61.3	15.9	33.7
Namibia	0.43	325	72.3	65.2	20.9	..
Seychelles	0.09	16	..	..	0.0	214.1
Somalia	0.11	360	..	..	21.9	22.2
South Africa		5283				
Swaziland	0.26	108	96.9	76.3	72.1	71.1
Tanzania	0.12	1323	94.0	74.2	127.4	5.0
Uganda	0.36	2225	95.4	90.8	87.8	1.5
Zambia	0.61	670	93.5	70.6	69.7	12.8
Zimbabwe	0.27	1198	113.6	42.9	47.9	13.2
Developing Africa	0.27	79747	97.7	92.8	123.6	47.4

Source: F. A. O.; ECA secretariat

* Value Added

Table 4. Production and consumption of selected energy types, 1992

Sub-region/Country	Electricity Production by type (in million KW-h) Thermal	Hydro	Total	Commercial energy consumption Kilogramme Per Capita	Total ('000 tons) Oil equivalent	Total energy requirement ('000 Terajoules)
NORTH AFRICA	85726	11910	97636	6955	115921	3825
Algeria	18087	199	18286	1594	42000	1251
Egypt	35300	9700	45000	704	38612	1251
Libyan Arab Jamahiriya	16950	0	16950	3458	16858	512
Morocco	9344	981	10325	405	10661	326
Sudan	385	940	1325	61	1634	274
Tunisia	5660	90	5750	733	6156	211
WEST AFRICA	11885	10939	22824	2076	33912	2727
Benin	5	0	5	47	229	57
Burkina Faso	195	0	195	28	266	95
Cape Verde	37	0	37	133	51	2
Cote d'Ivoire	785	1065	1850	209	2697	188
Gambia	71	0	71	104	94	12
Ghana	42	6110	6152	140	2235	217
Guinea	345	186	531	83	506	51
Guinea Bissau	41	0	41	98	99	7
Liberia	300	160	460	55	151	54
Mali	126	187	313	23	230	62
Mauritania	120	26	146	621	1331	39
Niger	171	0	171	59	487	63
Nigeria	8600	3200	11800	207	23897	1742
Senegal	762	0	762	151	1170	83
Sierra Leone	230	0	230	40	177	36
Togo	55	5	60	78	292	19
CENTRAL AFRICA	581	10173	10754	1900	6254	908
Burundi	2	105	107	18	106	48
Cameroon	75	2645	2720	99	1211	150
Central African Republic	18	78	96	35	112	33
Chad	85	0	85	21	122	39
Congo	3	425	428	336	795	45
Equatorial Guinea	17	2	19	152	56	6
Gabon	207	712	919	855	1058	59
Rwanda	4	181	185	30	224	59
Sao Tome & Principe	7	8	15	290	36	1
Zaire	163	6017	6180	64	2534	468
EAST & SOUTHERN AFRICA	9538	19011	28549	4243	18838	2498
Angola	480	1375	1855	91	896	82
Botswana		.	...	..	.	..
Comoros	14	2	16	53	31	1
Djibouti	180	0	180	1296	605	18
Eritrea	...		...	..	...	.
Ethiopia	158	1099	1257	29	1519	477
Kenya	419	2796	3215	113	2851	469
Lesotho	.	.	.	...	..	..
Madagascar	249	320	569	38	487	92
Malawi	16	776	792	36	377	107
Mauritius	812	113	925	583	640	36
Mozambique	440	50	490	33	496	162
Namibia	.	...	...	..	.	
Seychelles	109	0	109	986	71	2
Somalia	258	0	258	..	..	85
South Africa	...	..	...		.	...
Swaziland	200	216	416	...	..	.
United Rep. of Tanzania	277	624	901	35	963	352
Uganda	6	780	786	28	528	147
Zambia	40	7740	7780	201	1740	182
Zimbabwe	5880	3120	9000	721	7634	286
TOTAL AFRICA	107730	52033	159763	15174	174925	9958

Source: UN, Energy Statistics Yearbook, 1992 and ECA Secretariat

. = Not available.

Table 5. Merchandise Trade: Value and Average Growth Rate (million US dollars)

Sub-region/ country	Exports			Imports			Balance of trade			Growth rate (%)			
										Export		Import	
	1988	1992	1993	1988	1992	1993	1988	1992	1993	1988/1993	1992/93	1988/1993	1992/93
North Africa	22490	33402	28723	30545	35353	36239	-8054	-1951	-7516	5.0	-14.0	3.5	2.5
Algeria	7620	12150	10330	6675	6290	7770	945	5860	2560	6.3	-15.0	3.1	23.5
Egypt	2770	3055	3300	9378	7475	7358	-6608	-4420	-4058	3.6	8.0	-4.7	-1.6
Libya	5653	9974	7680	5762	8100	8200	-109	1874	-520	6.3	-23.0	7.3	1.2
Morocco	3624	3977	3424	4337	6693	6515	-713	-2716	-3091	-1.1	-13.9	8.5	-2.7
Sudan	427	213	185	949	810	600	-522	-597	-415	-15.4	-13.3	-8.8	-25.9
Tunisia	2396	4033	3804	3444	5985	5796	-1048	-1952	-1992	9.7	-5.7	11.0	-3.2
West Africa	14500	19704	18558	11877	16335	15515	2622	3369	3043	5.1	-5.8	5.5	-5.0
Benin	379	369	333	511	552	571	-132	-183	-239	-2.6	-9.9	2.3	3.6
Burkina Faso	249	288	277	487	642	643	-238	-355	-367	2.1	-3.8	5.7	0.2
Cape Verde	3	4	4	106	173	173	-103	-169	-169	5.9	0.0	10.3	0.0
C?te d'Ivoire	2691	2880	2734	1769	1886	1662	922	994	1072	0.3	-5.1	-1.2	-11.8
Gambia	83	147	191	106	178	275	-23	-31	-84	18.1	29.7	21.0	54.7
Ghana	881	986	1020	993	1457	1661	-112	-470	-641	3.0	3.4	10.8	14.0
Guinea	651	620	993	641	770	758	10	-150	235	8.8	60.2	3.4	-1.6
Guinea Bissau	16	7	16	60	83	54	-44	-77	-38	0.1	146.2	-2.2	-35.5
Liberia	396	200	160	236	150	188	161	50	-28	-16.6	-20.0	-4.5	25.0
Mali	252	339	344	359	483	464	-108	-144	-120	6.4	1.3	5.2	-4.0
Mauritania	438	407	330	349	461	344	89	-55	-14	-5.5	-18.9	-0.3	-25.4
Niger	369	266	283	393	266	244	-24	-1	39	-5.1	6.7	-9.1	-8.4
Nigeria	6875	11887	10900	4270	7476	7100	2605	4411	3800	9.7	-8.3	10.7	-5.0
Senegal	679	832	723	956	1200	1105	-277	-368	-383	1.3	-13.1	2.9	-7.9
Sierra Leone	102	150	36	137	140	24	-35	10	12	-18.8	-76.0	-29.2	-82.6
Togo	435	322	215	505	418	249	-69	-96	-34	-13.2	-33.4	-13.2	-40.5
Central Africa	6631	6284	6140	5083	3532	4041	1548	2752	2099	-1.5	-2.3	-4.5	14.4
Burundi	132	80	75	179	182	173	-47	-102	-98	-10.7	-6.5	-0.7	-5.0
Cameroon	1841	1934	1144	1221	983	928	620	951	217	-9.1	-40.8	-5.3	-5.7
CAR	130	124	277	184	165	318	-54	-42	-41	16.3	124.4	11.5	92.6
Chad	146	182	136	228	243	201	-83	-61	-66	-1.4	-25.5	-2.5	-17.2
Congo	843	1179	1108	523	438	491	321	741	617	5.6	-6.0	-1.2	12.0
Eq. Guinea	45	28	72	37	48	63	8	-20	9	9.9	160.1	11.5	32.1
Gabon	1196	2259	2150	791	886	845	404	1373	1305	12.4	-4.8	1.3	-4.6
Rwanda	108	67	67	258	200	200	-149	-133	-133	-9.2	0.0	-5.0	0.0
Sao Tome & Pri.	12	5	6	18	25	31	-7	-20	-25	-11.9	13.0	11.3	22.6
Zaire	2178	427	1106	1645	362	792	533	65	314	-12.7	159.2	-13.6	118.8
E. & S. Africa	34117	38917	37506	30478	35512	33622	3639	3405	3884	1.9	-3.6	2.0	-5.3
Angola	2491	3805	2854	1372	1400	1337	1119	2405	1517	2.8	-25.0	-0.5	-4.5
Botswana	1475	2312	1584	1017	2069	1438	458	243	146	1.4	-31.5	7.2	-30.5
Comoros	22	22	21	53	62	81	-31	-40	-60	-0.3	-4.1	9.0	31.1
Djibouti	23	58	58	181	442	442	-158	-384	-384	20.0	0.0	19.5	0.0
Ethiopia	400	170	243	956	993	785	-556	-823	-542	-9.5	42.8	-3.9	-21.0
Kenya	1070	1381	1343	1699	1565	1446	-629	-184	-102	4.6	-2.7	-3.2	-7.6
Lesotho	64	109	134	559	933	912	-496	-823	-778	16.0	22.7	10.3	-2.3
Madagascar	284	328	240	319	466	459	-35	-138	-219	-3.3	-26.8	7.5	-1.5
Malawi	297	413	423	253	442	316	44	-29	108	7.3	2.4	4.5	-28.6
Mauritius	1001	1290	1303	1163	1476	1546	-162	-186	-243	5.4	1.0	5.9	4.8
Mozambique	103	139	132	662	770	860	-559	-631	-728	5.1	-5.0	5.3	11.7
Namibia	947	1318	1305	919	1286	1130	28	32	174	6.6	-1.0	4.2	-12.1
Seychelles	32	48	51	138	167	165	-107	-119	-114	9.9	6.3	3.5	-1.5
Somalia	58	76	76	216	87	87	-158	-11	-11	5.3	0.0	-16.7	0.0
South Africa	21991	23645	23925	17462	18297	17980	4529	5348	5945	1.7	1.2	0.6	-1.7
Swaziland	466	608	651	441	698	775	25	-90	-124	6.9	7.1	11.9	11.0
Tanzania	272	416	346	692	1348	1102	-420	-931	-757	4.9	-17.0	9.8	-18.2
Uganda	266	151	197	524	422	475	-257	-271	-278	-5.9	30.1	-1.9	12.5
Zambia	1189	1100	1013	687	810	802	502	290	211	-3.2	-7.9	3.1	-1.0
Zimbabwe	1665	1528	1609	1164	1782	1487	501	-255	122	-0.7	5.3	5.0	-16.6
Total Africa	77738	98307	90927	77983	90732	89417	-245	7575	1509	3.2	-7.5	2.8	-1.4

Source : International Financial Statistics, IMF; ECA secretariat.

Table 6

External Public Debt and Debt service ratios, 1993

Sub-region/Country	Debt stock ($US Million)					DEBT SERVICE as	
	Long-term	Short-term	Total	per cent of GDP	Amount ($US Million)	per cent of GDP	per cent of XGS*
NORTH AFRICA	102568	15342	117910	62.8	16302	8.7	29.7
Algeria	24587	1171	25758	55.0	9146	19.5	76.9
Egypt	37204	3422	40626	96.7	2407	5.7	15.2
Libyan Arab Jamahiriya	3000	1833	4833	17.3	765	2.7	7.4
Morocco	20660	771	21431	80.5	2614	9.8	30.7
Sudan	9490	7071	16561	55.9	20	0.1	1.3
Tunisia	7627	1074	8701	59.5	1350	9.2	20.2
WEST AFRICA	63399	14530	77929	99.1	3691	4.7	18.1
Benin	1409	78	1487	68.7	34	1.6	7.2
Burkina Faso	1093	52	1145	40.2	34	1.2	7.0
Cape Verde	149	9	158	54.9	5	1.7	4.4
Cote d'Ivoire	13167	5979	19146	200.2	964	10.1	30.0
Gambia	349	37	386	154.4	28	11.2	12.7
Ghana	3378	1212	4590	65.6	277	4.0	22.8
Guinea	2675	188	2863	95.4	84	2.8	12.8
Guinea-Bissau	634	58	692	384.4	4	2.2	11.1
Liberia	1070	855	1925	128.3	21	1.4	14.0
Mali	2506	144	2650	93.4	26	0.9	6.1
Mauritania	1960	243	2203	183.6	125	10.4	27.2
Niger	1535	170	1705	75.2	93	4.1	31.3
Nigeria	28558	3973	32531	87.3	1831	4.9	16.8
Senegal	3060	708	3768	58.7	118	1.8	9.0
Sierra Leone	728	660	1388	252.4	20	3.6	12.1
Togo	1128	164	1292	97.9	27	2.0	8.4
CENTRAL AFRICA	25220	5704	30924	99.2	812	2.6	9.9
Burundi	999	63	1062	106.2	36	3.6	40.9
Cameroon	5683	918	6601	61.2	444	4.1	21.8
Central African Republic	797	107	904	60.0	9	0.6	4.7
Chad	705	52	757	51.0	12	0.8	7.1
Congo	4097	974	5071	187.6	126	4.7	10.6
Equatorial Guinea	219	49	268	129.3	1	0.5	1.6
Gabon	2889	928	3817	65.5	147	2.5	6.0
Rwanda	836	74	910	56.3	6	0.4	5.0
Sao Tome & Principe	226	28	254	635.0	3	7.5	25.0
Zaire	8769	2511	11280	188.0	28	0.5	1.5
EAST & SOUTHERN AFRICA	59742	15244	74976	47.3	7068	4.5	15.1
Angola	7727	1928	9655	156.3	153	2.5	5.3
Botswana	666	8	674	20.6	88	2.7	3.2
Comoros	169	15	184	73.6	3	1.2	5.9
Djibouti	192	33	225	59.2	10	2.6	2.8
Ethiopia	4530	199	4729	140.7	69	2.1	9.0
Kenya	5721	1272	6993	125.6	652	11.7	28.0
Lesotho	472	40	512	65.8	32	4.1	5.5
Madagascar	3920	674	4594	136.3	69	2.0	14.3
Malawi	1724	98	1822	99.5	74	4.0	22.0
Mauritius	884	115	999	32.1	127	4.1	6.0
Mozambique	4668	596	5264	373.3	77	5.5	20.7
Namibia	53	15	58	2.3	0	0.0	0.0
Seychelles	138	25	163	34.7	18	3.8	6.4
Somalia	1897	604	2501	357.3	0	0.0	0.0
South Africa	9434	5407	14841	13.3	4239	3.8	15.4
Swaziland	218	8	226	22.5	24	2.4	3.8
Tanzania	6746	777	7523	360.6	155	7.4	25.1
Uganda	2617	439	3056	95.5	302	9.4	121.3
Zambia	4679	2109	6788	204.9	349	10.5	32.8
Zimbabwe	3287	882	4169	104.2	627	15.7	32.3
Total Africa	250929	50820	301739	66.1	27873	6.1	21.4

Source : ECA secretariat calculation based on the World Bank's World Debt Tables 1994-1995; Various Sources

* XGS = Export of goods and services

Table 7. Social Indicators - Education

	School Enrolment ratio 1990	Primary education enrolment ratio 1992	Adult female literacy rate 1990		Adult literacy rate 1990	Scientists/ Technicians Per '000 1991
North Africa	72	..	35		48.0	4.2
Algeria	60	95.5	46	70	58.0	..
Egypt	66	101.0	34	63	48.5	6.0
Libya	..	..	50	75	62.5	..
Morocco	37	66.0	38	61	49.5	..
Sudan	27	49.5	12	43	27.5	0.4
Tunisia	62	116.5	56	74	65.0	..
West Africa	44	..	35		45.5	1.0
Benin	30	58.5	16	32	24.0	..
Burkina Faso	17	37.5	9	28	18.5	..
Cape Verde	49	..	..		..	..
Cote d'Ivoire	37	69.5	40	67	53.5	..
Gambia	29	0.0	..		..	..
Ghana	46	76.5	51	70	60.5	1.5
Guinea	19	37.0	13	35	24.0	..
Guinea Bissau	25	59.5	24	50	37.0	..
Liberia	..	39.5	29	50	39.5	..
Mali	..	25.5	24	41	32.5	..
Mauritania	25	55.5	21	47	34.0	..
Niger	14	29.0	17	40	28.5	..
Nigeria	37	70.5	40	62	51.0	1.0
Senegal	30	58.5	25	52	38.5	..
Sierra Leone	29	47.5	11	31	21.0	..
Togo	54	110.5	31	56	43.5	0.2
Central Africa	50	..	48		60.7	0.2
Burundi	30	70.0	40	61	50.5	..
Cameroon	52	101.0	43	66	54.5	..
Central African Republic	35	68.5	25	52	38.5	..
Chad	29	65.0	18	42	30.0	..
Congo	..	..	44	70	57.0	..
Equatorial Guinea	64	..	..		..	..
Gabon	..	..	49	74	61.5	..
Rwanda	39	71.0	37	64	50.5	0.2
Sao Tome & Principe	..	..	..		..	..
Zaire	38	75.5	61	84	72.5	..
East & Southern Africa	48	..	54		51.4	2.2
Angola	32	91.0	29	56	42.5	..
Botswana	64	118.5	65	84	74.5	..
Comoros	34	..	..		..	..
Djibouti	24	..	..		..	0.1
Ethiopia	17	25.0	16	33	24.5	..
Kenya	58	95.0	59	80	69.5	1.4
Lesotho	58	106.5	..	..	..	..
Madagascar	40	92.0	88	73	80.5	..
Malawi	38	66.0	34	65	49.5	..
Mauritius	57	106.0	75	85	80.0	3.4
Mozambique	24	59.5	21	45	33.0	..
Namibia	..	119.0	..	..	..	..
Seychelles	..	..	..		..	3.8
Somalia	..	11.5	14	36	25.0	..
South Africa	..	..	75	78	76.5	..
Swaziland	64	..	..		..	..
Tanzania	32	69.0	31	62	46.5	..
Uganda	41	71.0	35	62	48.5	..
Zambia	47	96.5	65	81	73.0	4.4
Zimbabwe	66	119.0	60	74	67.0	..
Developing Africa	53	..	41		49.9	2.2

Source: UNICEF, The State of the World's Children 1995; UNDP, Human Development Report 1994

Table 8. Health Indicators

	Life expectancy (Years) 1992	Infant mortality rate 1993 (per '000)	Under 5 Mortality rate 1993 (per '000)	Safe water access 1990 (per '000)	POPULATION Per Doctor 1990
	INDEX NORTH=100*				
North Africa	...	...	...	...	3899
Algeria	88	57	68	70	2330
Egypt	82	46	59	88	1320
Libya	84	67	100	93	690
Morocco	84	48	59	...	4840
Sudan	69	77	128	...	11110
Tunisia	90	30	36	99	1870
West Africa	...	...	...	...	47633
Benin	62	87	144	54	14290
Burkina Faso	64	99	175	71	33330
Cape Verde	90	...	...	72	5130
Cote d'Ivoire	69	89	120	...	16670
Gambia	60	...	...	...	11690
Ghana	74	103	170	54	25000
Guinea	59	133	226	64	50000
Guinea Bissau	58	139	235	39	7260
Liberia	73	145	217	...	9340
Mali	61	120	217	...	20000
Mauritania	64	116	202	...	11900
Niger	62	191	320	...	33330
Nigeria	70	114	191	...	66670
Senegal	65	63	120	47	20000
Sierra Leone	57	164	284	...	14290
Togo	73	84	135	59	12500
Central Africa	...	...	...	...	24071
Burundi	65	107	178	56	16670
Cameroon	74	71	113	...	12500
Central African Republic	63	104	177	...	25000
Chad	63	121	206	...	33330
Congo	69	82	109	21	8320
Equatorial Guinea	63	...	...	...	...
Gabon	53	93	154	...	2790
Rwanda	62	81	141	66	50000
Sao Tome & Principe	...	...	...	...	1940
Zaire	69	120	187	33	...
East & Southern Africa	...	...	...	...	30085
Angola	61	170	292	34	14290
Botswana	81	43	56	...	5150
Comoros	74	...	...	...	12290
Djibouti	65	...	...	86	4180
Ethiopia	62	120	204	28	33330
Kenya	79	61	90	50	71430
Lesotho	80	107	156	48	18610
Madagascar	55	110	164	...	8330
Malawi	60	141	223	...	50000
Mauritius	93	19	22	100	1180
Mozambique	62	164	282	...	50000
Namibia	78	62	79	...	4620
Seychelles	...	...	...	...	2170
Somalia	62	125	211	...	14290
South Africa	83	53	69	...	1640
Swaziland	77	...	...	...	18820
Tanzania	69	108	167	51	33330
Uganda	57	111	185	15	25000
Zambia	61	114	203	48	11110
Zimbabwe	75	58	83	...	62500
Developing Africa	...	...	...	...	29271

Source: UNICEF, The State of the World's Children, 1993
UNDP, Human Development Report, 1993

* ALL FIGURES ARE EXPRESSED IN RELATION TO THE NORTH AVERAGE, WHICH IS INDEXED TO EQUAL 100. THE SMALLER THE FIGURE THE BIGGER THE GAP, THE CLOSER THE FIGURE TO 100, THE SMALLER THE GA INDICATES THAT THE COUNTRY IS BETTER THAN THE NORTH AVERAGE.

Note

27 September 1995

TO: All Staff
Population Division

From: A. Bahri, Chief

The POPLINE CD-ROM is in town

The new version that include all previous entries is very user friendly. You are encouraged to make use of the information for your research and work.

Kindly see with Ms.Yeshimebet on modalities for access.

UNITED NATIONS
ECONOMIC COMMISSION
FOR AFRICA

NATIONS UNIES
COMMISSION ECONOMIQUE
POUR L'AFRIQUE

INTER-OFFICE MEMORANDUM -

DATE: 25 September 1995

TO: All Chiefs of Division/Office/Section

FROM: M. O. El-Egaily, OIC
Socio-Economic Research and Planning Division

SUBJECT: Economic and Social Survey of Africa 1994-1995

Please find attached herewith an advance copy of the Economic and Social Survey of Africa 1994-1995, English version.

26/9/95
Initials
A. Bedri
Mr Mathoba

cc: Executive Secretary
SALS/SC