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Economic Report on Africa 1993

United Nations
.conomic Commission
for Africa

ECONOMIC REPORT ON AFRICA, 1993

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PREFACE

The Economic Report 1993 provides an analysis of the main socio-economic trends and issues in the African region in 1992 and the outlook for 1993. It updates, in the light of more data and information since December 1992, some of the preliminary assessment in my End-of-year Statement on 18 December 1992 to the Heads of Mission of Member States of the United Nations, representatives of international organizations and of the Media, in Addis Ababa.

In 1992, the situation in the African region remained one of crisis, with deep repercussions for the social and economic conditions on the continent. In a number of countries, political conflicts crippled existing institutional structures as well as normal social and economic activities. Even when hopes for peace in Angola had risen with the conclusion of a cease fire and the holding of democratic elections, war flared up again in late December 1992, pushing back the chances of an early solution to the conflict. The situation in Somalia remained extremely grave, and only a direct intervention by the U.S.A-led international forces allowed for emergency relief and the distribution of food aid towards the end of the year. But there were still no prospects of a permanent solution in 1992 nor, for that matter, of a reconstruction of the institutional structures of the country and its ruined economy. In Liberia and southern Sudan, the civil war continued. In a number of other countries, in all the regions of the continent, political strife of varying proportions and intensity have impacted adversely on the economies of these countries in 1992, if not actually paralysing economic development activities in some of them.

In addition to the problems of peace, political stability and "democratic transition", the region has had to cope with the effects of drought and the ensuing famine, the burden of debt and reverse flow of resources, the contraction of external demand for Africa's exports, and various financial and policy failures. The hope for a rapid and strong recovery in the economies of the Organization for Economic Cooperation and Development (OECD) countries that are Africa's main trading and development partners did not materialize in 1992. Added to the problems of Africa's ailing economies were also the social consequences of structural adjustment and reform programmes, especially in the health, education and human resources development sectors.

In the light of the above developments, mostly negative as they were, it is not surprising that the average growth results in the African economy were poor in 1992. While the economies of most other developing regions, particularly Asia, were growing briskly in 1992, the real GDP growth in Africa was a meagre 1.5 per cent, only about half of the region's population growth rate. But even this weak growth was far from uniformly shared in the African countries. The majority of countries, the oil importing ones in particular, recorded a negative growth in 1992, with combined real GDP growth in fact falling by 1.1 per cent.

The prospects for 1993 remain quite uncertain, despite the fact that drought has ended in Eastern and Southern Africa, and economic management in the region is gaining in realism and prudence across countries and subregions. The very weak recovery in industrial economies, and the fact that the net flow of resources to the region will at best remain at the same level, means that the African economies will have to operate in a very difficult international economic environment even in 1993. And even the required socio-political environment for domestic economic recovery and accelerated growth is by no means fully guaranteed in the region at this stage in terms of the return of peace, security and stability.

In these conditions, the ECA secretariat foresees only a small rebound of African economies in 1993, with output growing only slightly above 3 per cent. On a longer term perspective, causes for optimism are however not lacking: given Africa's enormous resources, better management within a stable and stimulative socio-political and economic environment should bring back the continent to rapid development at par with the other developing regions of the world.

April 1993

Layashi Yaker
United Nations Under-Secretary-General
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Economic Commission for Africa

I. OVERVIEW OF ECONOMIC TRENDS, 1993

A. Overall performance

1. Economic performance in Africa in 1992 has again been rather poor. Overall regional real output grew by a mere 1.5 per cent, after an already discouraging GDP growth rate of only 2.3 per cent in 1991. The bulk of the increase in output in 1992 has been mainly in oil exporting countries, where output grew by 3.0 per cent, while in the non-oil exporting countries, which are in the majority, output in fact declined by 1.1 per cent.

2. Civil wars and unstable and sometimes chaotic political situations have been a major factor in the overall economic decline in 1992. If a cease-fire had intervened successfully in Mozambique towards the end of the year, hostilities continued unabated in Liberia, even spreading to Sierra Leone; while, in Angola, the agreed cease- fire did not survive the election results in the country, as civil war flared up once again in December 1992. In devastated, war-torn Somalia, the humanitarian intervention force led by the United States of America (USA) made it possible to organise relief to famine victims towards the end of the year, but there was still no return to stability and order in that country, and therefore no real start of the process of rebuilding its ruined economy in 1992. The political crisis in some other countries also deepened in 1992. In Zaire, for instance, renewed looting and rioting further damaged and destroyed the infrastructure, whilst output contracted as the country sank deeper and deeper into hyper-inflation. In Cameroon, Kenya, Togo and Algeria, extreme political tensions only made worse an already difficult economic situation.

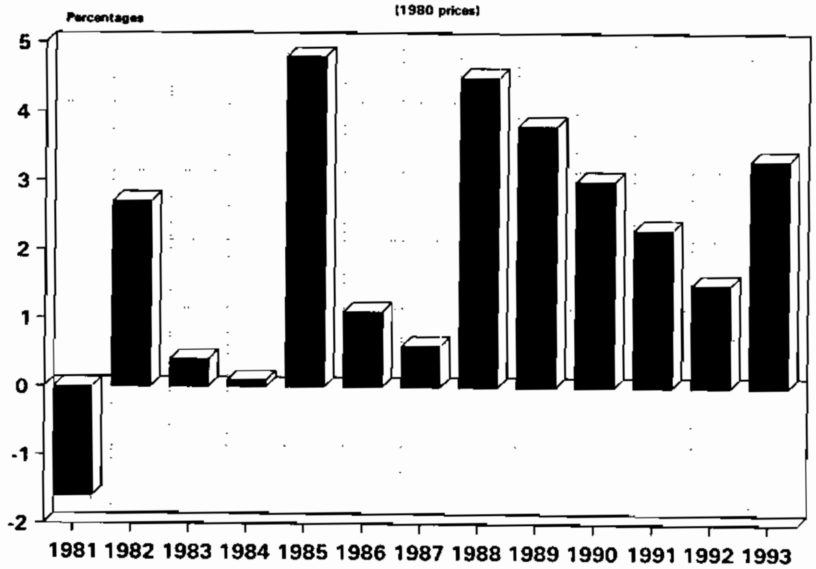
3. Another element in the continued poor economic performance and slowdown in regional output in 1992 has been the catastrophic drought in Eastern and Southern Africa, the worst on record, which made millions dependent on food aid, and almost halved the subregion's cereal output to about 5 million tons. To a lesser degree, drought also affected some countries of North Africa, particularly Morocco, where the cereal crop has been reduced by about 65 per cent. Total agricultural production in developing Africa is estimated by

Table I
Developing Africa Economic indicators

	1980-1992	1990	1991	1992	1993 b/
Output growth (1980=100), (percentage growth)					
Developing Africa	-0.8	3.0	2.3	1.5	3.3
Oil exporters	-1.6	3.5	2.9	3.0	3.5
Non-oil exporters	2.8	2.2	1.5	-1.1	2.8
Agricultural output (FAO index, 1979-1991=100) (percentage growth)	2.8	1.4	4.6	-1.5	..
Oil production (million tons) a/	301.7	319.6	335.1	338.0	328.6
Mining production (1980=100)	0.4	-1.3	-4.4	-0.8	..
Oil price ($/barrel, Brent Crude) a/	38.0	24.0	20.0	19.3	19.0
Consumer prices (1980=100)	20.8	12.9	36.3	63.0	..
Commodity prices without oil (1990=100)	-2.6	-3.5	-4.7	-7.3	..
Exports ($ billion) a/	92.9	80.0	75.4	70.8	..
Imports ($ billion) a/	74.3	76.6	75.8	81.0	..
Current account ($ billion) a/	..	8.0	6.4	-4.2	..

Source: ECA Secretariat
a/ in first column, 1980 figure b/ forecast

Fig.1. Developing Africa
Output growth, 1980 - 1993



the Food and Agricultural Organization (FAO) to have declined in 1992 by 1.5 per cent, with a particularly large drop in Eastern and Southern Africa where the decline has reached 7.7 per cent. Cereal production, a key indicator of the agricultural situation in the region, dropped by nearly 12 per cent to 78 million tons, thereby highlighting considerably the food supply constraints in the face of a relentless average population growth rate of over 3 per cent per annum.

4. In addition, it would appear that many of the African economies that were free from drought and war-related emergencies or the problems of democratic transition have remained enmeshed in stagnation even in the new decade, unable to generate recovery and growth due to past legacies of low and declining productivity, entrenched structural vulnerabilities and the adverse effects of inappropriate economic policies. Of particular concern in this respect is the process of capital decumulation that had been ongoing in the region for years, including 1991, and the achievement of a growth rate of less than 1 per cent in gross fixed capital formation in 1992. The investment ratio in the region has barely exceeded 15 per cent of GDP since 1988, compared to the 20 to 25 per cent figure for the early 1980s. Both the slow rate of growth in investment and the drastic cutback on investment programmes in some countries since 1990 are in effect a continuation of the trends that had become so evident since the mid-1980s as a result of growing resource constraints arising from poor export performance and declining international terms of trade, high debt service obligations and stagnating external resource inflows.

5. As in agriculture, output performance in the mining sector was relatively poor in 1992 compared with 1991. Value added in the mining sector is estimated to have grown by only 1.5 per cent in 1992, a far cry from the impressive 7.6 per cent achieved in 1990, or the moderate growth rate of 4.7 per cent in 1991. The performance of the sector was dominated by the virtual stagnation in oil production, and the decline in prices of non-fuel mineral products.

BOX 1
Science and Technology Development in Africa

Low level scientific and technological capacity and inadequate development and application of science and technology is a dominant root-cause of Africa's continued underdevelopment. In encouraging the development of a science and technology culture, it is important to introduce science and technology subjects in elementary and secondary schools, to strengthen technical training, and to create an enabling environment which makes the needed technology widely available. Such an enabling environment can be built by improving cultural and social attitudes to technological change, by enhancing the economic and financial climate, by strengthening the institutional and organizational set-up, and by cultivating cooperation and collaboration within African countries, and with other developing countries, the IGOs and the industrialized countries. Sensitization of community leaders to the benefits of science and technology and popular appreciation of science and technology by all, including women and children, are also essential. However, few African countries have as yet invested in endogenous capacity building in science and technology, and in fewer still has there been a demonstrable impact from the little investments made. In many African countries, science and technology continues to be construed narrowly as high-level scientific research and manpower training, while the application of off-the-shelf science and technology has been largely ignored. There have been little or no efforts at applying scientific research results and findings to local development. For one thing, the bulk of the adult population remains functionally illiterate and innumerate while scientific and technical education at primary, secondary and tertiary levels are often not in tune with the requirements of modern scientific and technological development. As regards higher education, the rising number of unemployed graduates and the ensuing brain drain indicate that curriculum needs to be better adjusted to the needs of private industries since public employment is no longer the panacea it was once believed to be. Nor have adequate incentives been generally offered to scientific and technological personnel, or to developers, users and entrepreneurs to commercialize technology products. Only twenty-eight African countries for instance had in place some form of multi-sectoral body for coordinating scientific research and for policy formulation by 1986, and the number of fully-fledged Ministries of Science and Technology in the region has remained small. The overall number of policy-making organs in the African region in the different sectors of agriculture, medicine, industry, environment rose from 69 in 1973 to 197 in 1986, but even this rapid increase says nothing of the effectiveness of the institutions concerned.

There is need for funding for science and technology in Africa to be dramatically increased through the provision of seed and venture capital, credit and foreign direct investments and licensing. The science and technology regulatory context must be improved through the strengthening of intellectual property laws and standards, through the revision of trade laws and regulations to make them more supportive of indigenous technology development and through the revision of technology transfer laws and regulations so as to provide more public assistance in the acquisition of needed foreign technology. Science and technology infrastructure and services must also be strengthened through the creation and improvement of science and technology policy institutions, technology transfer institutions, technology information institutions, research and development institutions and engineering and design institutions. Research and development efforts must be reoriented and better connected to industry. Cooperation and collaboration between African countries must be strengthened, and science and technology facilities (training, special services, equipment, experts, ...) must be shared in order to fully exploit and make the best out of meagre resources. An urgent drafting and implementation of the science and technology protocol of the African Economic Community will facilitate such cooperation.

6. The price of oil fluctuated substantially during the year: after reaching a maximum of over US$21 a barrel (for Brent crude) in the middle of the year, it declined to less than US$18 a barrel at year end despite OPEC production cuts. For the year as a whole, oil prices are reported by the United Nations Conference on Trade and Development (UNCTAD) as having fallen on average by 0.4 per cent[1]. Non-fuel commodity price trends were mostly unfavourable. The World Bank index (1990=100) for the minerals, ores and metals sector as a whole was down to 88 in 1992 compared to 91 in 1991. On the other hand, the UN index for

1 UNCTAD, Monthly Commodity Price Bulletin, volume XIII No. 1, 1993

non-fuel primary commodities fell by 1.7 per cent in dollar terms. Overall commodity prices (deflated by the unit value of manufactured exports) fell in real terms by 5.3 per cent. The ECA commodity index registered a fall of 1.5 per cent in 1992 in the prices of the commodities traded by the Africa region, oil prices included, and a much larger fall of 7.3 per cent when oil prices are excluded.

7. The international environment has provided little or no stimulation to Africa's development efforts and economic recovery. World output grew at a feeble rate of 0.8 per cent in 1992, according to latest projections by the International Monetary Fund (IMF)[2], and, in the industrialised countries, the region's main economic partners, growth was 1.4 per cent. World trade did recover in 1992, but the demand for primary commodities was weak and their prices declined even further, thereby stifling the process of domestic adjustment and policy reforms on the African continent.

8. The value of exports declined significantly in 1992, by around 6.1 per cent to an estimated US$70.8 billion compared to US$75.4 billion in 1991. Unit values were relatively stable in 1992, declining only imperceptibly (on 1990 basis), due to the behaviour of fuel prices which have remained more or less constant in 1992 relative to 1991. But export volume has declined almost by 6 per cent. On the other hand, import expenditure grew by 6.9 per cent to around US$81.0 billion, compared to US$75.8 billion in 1991. Import unit prices went up by 3.2 per cent during the year, despite lower inflation in industrial countries, with prices of manufactures alone estimated to have increased by as much as 4.6 per cent. The volume of imports grew by an estimated 3.6 per cent. The net result of these trends has been a widening in the region's trade deficit, and a continued though moderated worsening of its terms of trade position from a decline of 9.7 per cent in 1991 to a fall of 3.0 per cent in 1992.

9. The current account of the region had been in surplus in 1990 as a result of the Persian Gulf crisis windfall, but has since deteriorated. In 1992, as a result of the severely constraining influence of the debt service burden on the import capacity of many African countries, on top of the combination of a higher trade deficit, a lower surplus on private and public transfers and a widened deficit on the services account, the overall current account deficit amounted to some US$4.2 billion dollars, or approximately 1.0 per cent of regional GDP. Net resource flows to the region have apparently continued to decrease, though only at a reduced rate in 1991 and 1992 as compared to 1990.

10. The pace of inflation seems to have quickened in the region, with a rate of 63.0 per cent in 1992 compared to 36.3 per cent in 1991, due to supply shortages, price liberalization, excessive money creation and budgetary imbalances and deficit financing in some countries. The acceleration has been strongest in Central Africa, because of Zaire, where hyper-inflation resulted from unrestrained monetary expansion to the point of making the currency practically valueless, and in West Africa where inflation has risen markedly in countries such as Nigeria and Sierra Leone. In Eastern and Southern Africa, the drought led to rapid inflation, averaging 60.5 per cent, with particularly high levels in Zimbabwe (44.8 per cent), Zambia (150 per cent), Uganda (53 per cent) and Mozambique (50 per cent). In Ethiopia, inflation reached a maximum of 35.5 per cent in 1991, before falling back to 10.5 per cent in 1992. On the other hand, Botswana, Rwanda, Ghana and Mauritius appear to have put inflation under control, while countries of the franc zone continued to enjoy a very low rate of inflation (3.6 per cent on average), and even zero rates in some of them, for example, Côte d'Ivoire. But this was more of a mixed blessing, as it coincided mostly with economic stagnation or even recession in many of these countries. Nevertheless, the high rates of inflation in African countries outside the franc zone, to the extent that they contrasted sharply with the experience of moderate price increases and lower inflation in the economies of Africa's major trading partners, must be seen as a real threat to the region's competitiveness and growth momentum.

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2 See IMF, World Economic Outlook, Interim Assessment, January 1993

B. Subregional and Economic Grouping Performance

11. In a continent as vast and diverse as Africa, it was not surprising that significant country variations and divergence in growth performance and development experience occurred among countries and between the various subregions and economic groupings in 1992 (Tables II and III). Despite the rather low output growth in the overwhelming majority of African countries, a handful of countries did in fact achieve substantial growth results in 1992. Output performance among the subregions and economic groupings was rather mixed, reflecting not only the differences in economic vulnerabilities and resilience, but also in the differential impact on economic activities of climate and the weather cycle, civil strife and political tensions, the vagaries of international demand and commodity prices, and domestic economic policies.

12. Subregion-wise, the best results have been achieved in West Africa, where output grew by 3.3 per cent in 1992 compared to 3.5 per cent in 1991, although it appears that growth has for sometime now been slowing down in that subregion since 1988, when it reached the high point of 8.2 per cent. Particularly significant in this respect is the GDP growth rate in Nigeria, which amounted to only 3.8 per cent in 1992, a year marked by a huge budget deficit (N43.8 billion or 9.8 per cent of GDP) and rising inflation. Due to a not-so-good agricultural year, Ghana's GDP also grew by no more than 3.8 per cent in 1992, a figure significantly lower than the nearly 5 per cent annual growth rate achieved since 1984 except for 1990. A number of other countries in the subregion experienced negative growth as well, for example, the Niger, where, despite some recovery in the mining sector, GDP fell by 2.7 per cent in 1992 as a result of crop failure, and, Cote d'Ivoire, where output has fallen by a full 10 per cent since 1987, and the decline of 0.8 per cent in 1992 was no more than a mild indication of an ongoing recession.

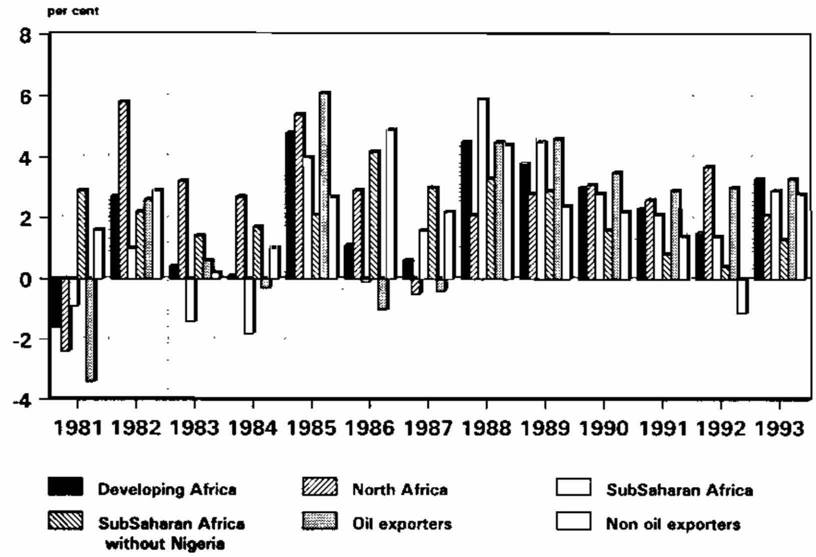
13. In the normally drought-prone Sahelian belt across Africa, agricultural output, including food crop harvest and prospects, was again excellent in 1992. GDP is estimated to have risen by an impressive 5.8 per cent, the best result in a decade for this group of countries which includes Burkina Faso, Cape Verde, Chad, Gambia, Guinea Bissau, Mauritania, the Niger, Senegal, and the Sudan. The overall output performance in the Sahel is perhaps mainly

Table II
Output share and growth rate by subregion and economic grouping, 1991-1992

Group/country	Per capita GDP current dollars 1991	Output share current prices percentages 1991	Growth rate percentage 1980 prices		
			1980-1992	1991	1992
North Africa a/	1045.1	48.9	2.5	2.6	2.1
Sub-Saharan Africa	331.3	54.1	1.6	2.1	1.4
Central Africa	458.5	11.0	2.4	-1.5	-1.2
East Africa	265.3	17.3	2.7	1.5	-2.2
Southern Africa	383.5	9.5	2.6	2.1	-3.1
West Africa	345.2	22.8	0.9	3.5	3.3
Sahel	383.5	8.3	2.2	2.0	5.8
Sub-Saharan Africa without Nigeria	380.9	49.0	2.4	1.1	2.4
Oil exporters	729.4	55.4	1.7	2.9	3.0
Non-oil exporters	354.0	44.6	2.3	1.4	-1.1
Least developed countries	221.7	16.3	2.5	1.8	0.6
Others	541.7	28.2	2.3	1.1	-2.0
Franc Zone	586.4	16.4	2.4	1.2	1.5
Mineral exporters	419.1	10.2	1.2	-2.3	-3.2
Beverages exporters	237.9	13.4	2.1	1.0	0.1
Developing Africa	495.3	100.0	1.9	2.3	1.5

Source: ECA Secretariat
a/ including the Sudan

Fig.2.Output growth by economic grouping and by subregion
(1980 prices)



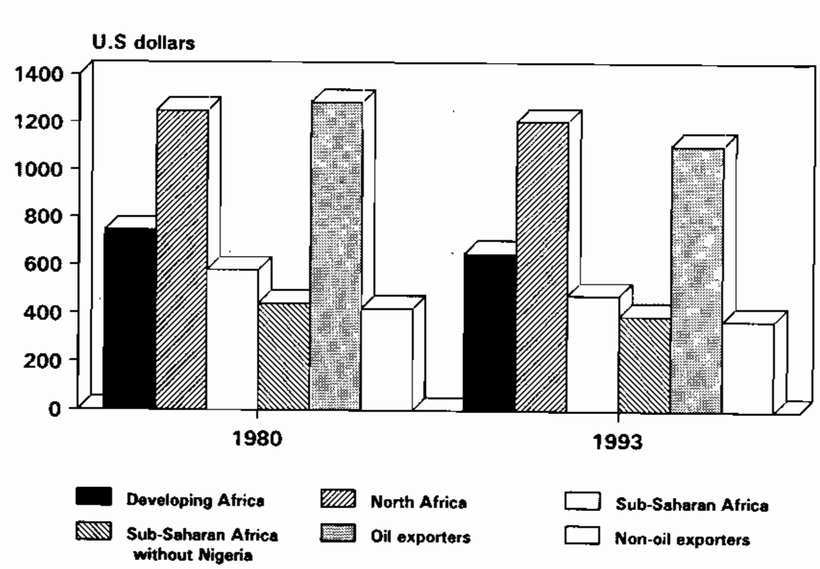
explained by the exceptional GDP growth in the Sudan in 1992, estimated at 11 per cent.

14. Output growth rates in Central Africa were again negative in 1992, with GDP falling on the average by an estimated 1.2 per cent, following earlier declines of 1.5 per cent in 1991 and 0.1 per cent in 1990. Here, the main explanatory factor is the crisis in Zaire, where GDP fell by 5.3 per cent, although negative growth was also recorded in Cameroon, with a fall of 2.5 per cent in GDP, whilst in Gabon, the economy grew by less than 1 per cent in 1992, given the stagnation in oil output.

15. In North Africa (including the Sudan), growth performance was disappointing on the whole, with GDP increasing by 2.1 per cent only. The drought in Morocco generally depressed output while, in Algeria, a huge foreign debt service and an inefficient industrial sector took a heavy toll on GDP which increased by only 0.9 per cent. The economy of the Libyan Arab Jamahiriya has been significantly affected by the United Nations sanctions, growing by no more than 2.0 per cent in 1992 in comparison to the GDP growth rates of 6.9 per cent and 5.0 per cent recorded in 1990 and 1991, respectively. Only in the Sudan, Tunisia and Egypt, but more particularly so in the Sudan and Tunisia, were significant growth rates recorded within the subregion in 1992.

16. The Eastern and Southern Africa subregion, affected by severe drought, war and civil strife, including the complete collapse of organised

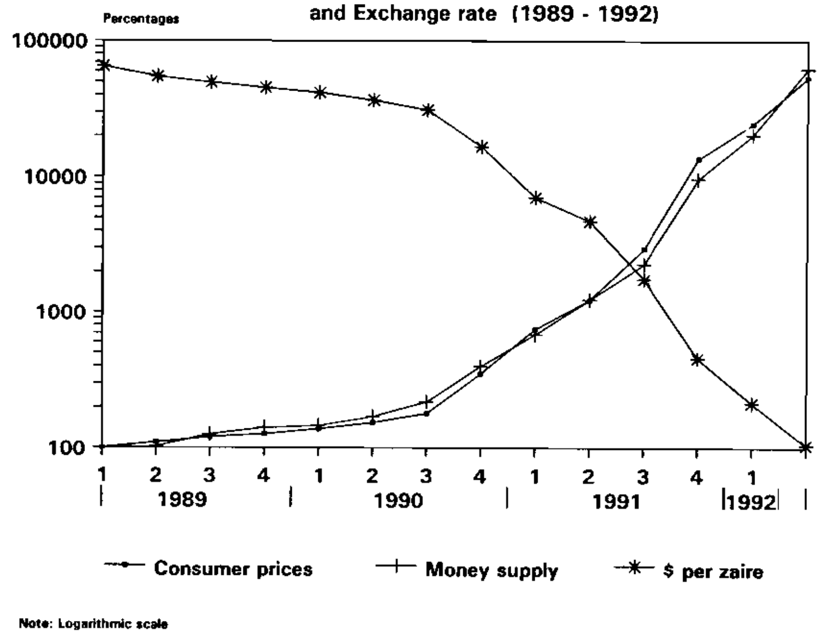
Fig.3.Product per head, in 1980 and 1993
(at 1980 US dollars)



Box 2: Hyper-inflation in Zaire

Inflation has been high in Zaire since independence in 1960, and has tended to exceed the African average. The causes have been a stagnant and, since the early 1970s, a declining economy, and a rising level of government expenditure. In the late 1980s, inflation accelerated, but it was in 1991 that it exploded as political crisis crippled the country's institutions. Widespread disorders, culminating in looting and arson in the capital and other cities in the country in September 1991 and again in December of the same year led to the departure of foreign technicians, damage to plant and disruption of communications and trade, which in turn resulted in output contractions and insecurity of supply. Disruption of economic activities, money creation and deficit financing of government activities continued unabated. The result was an extraordinary increase in prices, the collapse of the value of the national currency, the zaire, and a profound dislocation of the economy, with some sectors ceasing to function at all.

Fig.4. Zaire: Changes in Consumer Prices, Money Supply and Exchange rate (1989 - 1992)



Between the first quarter of 1991 and the second quarter of 1992, the consumer prices index rose by 7,076.8 per cent; that is, prices increased 72 times, while money supply increased 91 times and the value of the zaire was reduced to less than 0.2 per cent of its initial value. The process of hyperinflation has been in evidence throughout 1992 and, at the beginning of March 1993, it was reported that the exchange rate of the zaire had fallen to nearly 3 million zaires to one U.S dollar. Even taking into account the contraction in output in Zaire in both 1991 and 1992 by more than 10 per cent, it is by no means certain that the catastrophe of hyperinflation would occurred have without the reckless expansion of the money supply. Thus, it is clear that any stabilisation of and recovery in the economy of Zaire will require a complete overhaul and reconstruction of its monetary system, including the creation of a new currency to replace the zaire.

society and central administration in Somalia, recorded a 2.2 per cent decline in its combined output. In southern Africa alone, it is estimated that GDP fell in 1992 by 3.1 percent, as a result of an output decline of 10 per cent in Zimbabwe, one of the countries worst affected by the drought; 7.4 per cent in Mozambique, where a disastrous famine was only narrowly averted; and, 4.7 per cent in Zambia. With a bad agricultural year, and a slow and uncertain recovery in tourism, the Kenyan economy managed to grow in 1992 by a mere 2 per cent.

17. At the level of economic groupings, the principal dividing line is between oil exporting and non-oil exporting countries, and between least developed countries (LDCs) and non-LDCs. With stagnating oil prices and production levels for most of 1992, oil exporting countries recorded only a 3 per cent growth in their combined GDP, equivalent roughly to the 1991 outcome. By contrast, the non-oil exporting countries, on their part, experienced a fall of 1.1 per cent in their GDP in 1992, the first time such a result has prevailed since 1980, and is more than anything else an indication of the gravity of the drought in Eastern and Southern Africa during 1992 and the prevalent civil strife in parts of the continent. The fact that the oil exporters generally fared better than the non-oil exporters

is little consolation, however, given the lackluster overall performance of the former since 1991. Among the oil exporters, only non-OPEC members, the Congo, Egypt and Angola, managed to raise their oil incomes in 1992.

18. A little over two years since the adoption of the Programme of Action for the Least Developed Countries in the 1990s, a preliminary assessment of performance reveals that economic and social progress in African LDCs has been sluggish, despite a wide range of economic reform measures being implemented by their Governments. Real GDP growth rate declined in the African LDCs as a group by 0.9 per cent in 1992 after a drop of 0.4 per cent in 1991, compared to a marginal increase of 1.5 per cent in 1990. The relatively strong weight in the combined GDP formation of the African LDCs by countries such as Ethiopia, Zaire and Zambia, whose economy has been adversely affected by drought and political instability, including civil strife, partially explains the poor showing of the group in the 1991-92 period. The civil wars in Somalia, Liberia, Rwanda and southern Sudan also contributed. The performance of the agricultural sector, the mainstay of the African LDCs' economies, was dismal, as output levels increased by a mere 0.8 per cent in 1992, as against a rise of 2.7 per cent in 1991. Food crop production in fact bore the main brunt, with as many as 14 African LDCs facing the threat of large-scale famine in 1993, according to FAO sources. The financial distress in many African LDCs has been worsened by a further decline in an already low rate of domestic savings, which averaged around 7 per cent of GDP in 1991-1992, while the investment ratio stagnated at around 18 per cent of GDP. The domestic situation in the African LDCs has been aggravated by external factors. Commodity prices of major export products of interest to the group continued to fall in 1992, resulting in declining export earnings, on top of severe budgetary constraints occasioned by structural adjustment programmes (SAPs) in the reforming countries. Also, the recession in OECD economies and the expanded demands on development assistance, world-wide, have both combined to reduce aid commitments and disbursements to the African LDCs in the 1991-1992 period.

19. Variations among countries on the continent on the basis of GDP growth rates are shown in Table III. The number of countries experiencing negative growth rates has remained the same since 1991, when it rose to 18. The same number of countries, 14 in each case, had growth rates of 0-3 per cent and 3-5 per cent in 1992, although the number of countries experiencing growth rates of 3-5 per cent had been 10 only in 1991. On the other hand, fewer countries in 1992 compared to 1991 were able to achieve a growth rate of above 5 per cent. Whereas there were 10 countries experiencing growth rates of 5 per cent and above in 1991, only five countries were in the same category in 1992, of which, Tunisia and Mauritius are the only countries to have maintained an impressive growth momentum for any appreciable length of time.

Table III
Frequency distribution of African countries according to the real growth of GDP, 1989-1992

Growth rate (%)	1989	1990	1991	1992
Negative	10	12	18	18
0-3	14	15	13	14
3-5	14	11	10	14
More than 5	13	13	10	5

Source: ECA Secretariat

C. Economic Policy Developments

20. There were no major departures in the economic policies pursued in the region in 1992. It was business as usual in the majority of African countries, with the range and configuration of policy reforms conforming more with the Structural Adjustment Programmes (SAPs) than with the broader context of adjustment and transformation advocated in the African Alternative Framework to Structural Adjustment Programmes for Socio-Economic Transformation (AAF-SAP). The emphasis was on the liberalization of economic systems and on stabilization policies, with particular focus on the financial and fiscal sectors, factor markets, the price system and the role of the public and private sectors. The pursuit of adjustment with transformation, and the harmonization of short-term policy goals with medium- and long-term development objectives were hardly in evidence on the policy scene in 1992, which, taken as a whole, was essentially one of continuity.

21. Fiscal reform was high on the agenda of the policies pursued in many African countries in 1992; the objective being fiscal discipline, resource rationalization and the need to keep expenditure within means. There were of course, as already mentioned, the notable exceptions of unrestrained monetary expansion in Zaire, and budget deficits which rose to 9.8 per cent and 9.1 per cent of GDP respectively in Nigeria and Zimbabwe in 1992. Most countries however adopted expenditure rationalization policies, although more and more emphasis was placed on increasing revenue, as the compression of expenditure had already reached its limits, and further cuts, particularly in the previous first targets such as education and health, were becoming increasingly politically sensitive.

22. Thus, a large number of countries are now making efforts to reform their tax systems or adjust their tax rates in a bid to raise revenues. The list of such countries include: Algeria, Botswana, Cote d'Ivoire, the Gambia, Ghana, Kenya, Rwanda, the Sudan, the United Republic of Tanzania, Tunisia, Uganda and Zambia, among others. The measures actually undertaken consisted of tax cuts, new approaches to enhance the effectiveness of government revenue collection systems, tax holidays for productive sectors and new investments; introduction of new taxation systems; adjustment of tax structures; and, reform of foreign trade and excise taxes. In Cote d'Ivoire, for example, a programme to reform the tax system was launched, aimed both at stabilizing government revenue and at removing tax obstacles to economic development. In Kenya, the government carried out wide-ranging tax reforms to give incentives to investors, rationalized import duties, reduced corporate tax rates, and adjusted the value added tax (VAT) rate structure. In Botswana, the 10 per cent ad valorem sales tax was extended to most consumer goods. In Algeria, a VAT was introduced for the first time, with the normal rate fixed at 21 per cent and a higher rate established at 40 per cent for luxury items. Imported agricultural equipment was exempted from the VAT, as were farmers' sales other than those relating to livestock products. In the United Republic of Tanzania, the 1992/93 budget emphasizes tax cuts across the board. Revenue targets are expected to be met through emphasis on new measures to enhance the effectiveness of the tax collection machinery. A full review of the taxation system is to be made in Uganda with a view to increasing the tax revenue effort beyond its present level of only 2.6 per cent of GDP. Additional tax income is to be generated through the introduction of new taxes on crops such as coffee, tea, tobacco, legumes and grains, and through taxes on trading in cereals and some other agricultural activities. However, income taxes were reduced, generally,to stimulate the economy, while duties on imports of raw materials and other manufacturing inputs have been abolished.

23. Measures to rationalize expenditure focused principally on the wage bill and the containment of government consumption. Quite a few countries, including Chad, the United Republic of Tanzania, Uganda and Zimbabwe, have started cutting the size of their civil service. However, in response to the serious erosion in the real incomes of civil servants in some countries, because of inflation, it became unavoidable to adjust wages upwards, even though such measures tended to counteract the moderating effect of the staff retrenchment measures on the government budget.

24. Measures to reform the financial system were carried out or were in progress in a number of countries in 1992, including: Botswana, Cote

d'Ivoire, Ghana, Guinea, Malawi, Mauritius, Mozambique, Kenya, the Sudan and Tunisia. In addition to specific goals, the financial reforms aimed in general at improving monetary control and coordination, as well as enhancing the mobilization and allocation of domestic savings. In Mozambique, where the banking system is believed to have been an impediment to faster growth, commercial and central banks functions were finally separated. The strategy in Botswana is to make government development finance institutions more commercially oriented and modernized, whilst in Mauritius, the focus was on liberalizing the financial system, removal of rigidities in the banking system and the development of indirect means of monetary control. In the Sudan, some commercial banks were merged within the context of raising managerial and financial efficiency.

25. With regards to financial instruments, greater attention was given to interest rate policy in many African countries in 1992. In Ghana, for example, the discount rate was raised to contain demand. In Nigeria, deregulated interest rates rose sharply in the wake of the devaluation of the naira, while in Botswana efforts were made to bring the country's interest rates in line with domestic and international market forces. Mauritius is one of the few countries in 1992 where interest rates were adjusted downwards to reflect the fall in the inflation rate.

26. Exchange rate depreciation, anchored on generalized devaluations, remained among the most visible policy instruments in 1992. Depreciation of the exchange rate, which is a major building block of conventional adjustment packages, is often seen both as regulator of demand and as an instrument of resource allocation in favour of export production, but the free-fall of currencies in Africa, and the destabilization of the business and investment environment that has accompanied persistent generalized devaluations, have been real and counter-productive in the region. During the year, a number of countries, such as Ethiopia, Malawi, Mauritania, Nigeria and Zambia, devalued their currencies. Exchange control was liberalized in some others, notably Botswana, Mauritius, Nigeria and Uganda, while Nigeria abolished the foreign exchange auctions and effectively floated the naira.

27. State disengagement from economic activities took a number of forms in 1992. Some countries, such as Nigeria, Morocco, Mozambique, Chad, the Sudan and Uganda, have embarked on the outright sale of loss-making public enterprises, while in some others, such as Morocco and Tunisia the campaign, which began in the mid-1980s, remains ongoing. Some countries have chosen to follow a very cautious and gradualist approach to privatization and the reform of parastatals. Egypt, for example, which has one of the largest public sectors on the continent, is known to have recently slated for privatization only some of the profitable assets of public enterprises in food and beverages and manufacturing. In Ethiopia, an economic task force and a technical unit to oversee rehabilitation, restructuring and divestiture in the public enterprises sector was established in 1992. Earlier on, a government proclamation had placed most public enterprises on a commercial footing with steps taken to improve the quality of their management and financial accountability. In Tanzania, productive parastatals have been given greater autonomy to operate commercially, while loss-making enterprises are to be sold off, although there is debate still as to which of the public enterprises are to be privatized. A recurring theme in many countries with regard to the privatization exercise is how to address the cases of those firms with outstanding debts owed to foreign concerns, as well as how to secure indigenous domestic ownership of asset in a situation characterized by a fairly narrow capital base in the private sector. Some countries, such as the Sudan, plan to tackle this issue by turning some of the affected enterprises into public limited liability companies with mixed share holding.

28. The overall concerns of economic policy in most countries remained largely national in 1992, although there was a growing recognition of the importance of the regional dimensions of adjustment and economic reform policies. But the policy measures so far taken to reinforce and underpin the economic integration process on the continent have been mostly confined to the trade and services areas. The recent summit of the Preferential Trade Area for Eastern and Southern Africa (PTA), for example, took some positive steps to facilitate trade and investment flows among member States, notably through the decision to amend PTA Rules of Origin under which preferential tariffs will henceforth apply

to goods originating from member States, irrespective of whether the producing firms are controlled by nationals of the member States or not.

29. Economic policy in 1992 was conducted against a backdrop of severe external resource constraints, arising from lacklustre export performance, stagnating resource inflows and a debt overhang. Not only have the SAPS pursued in African countries failed to induce or facilitate autonomous private foreign investment, they have often exerted little or no positive impact on domestic savings and investment. The progress in alleviating the African debt burden has been slow, notwithstanding the initiatives by official creditors in recent years. Recent tendencies in tying progress on the debt issue to the pursuit of SAPs, and lately to the process of democratic transition have also complicated the problem of resolving the African debt quagmire and of adequate funding for programmes of recovery and socio-economic transformation on the continent. What is increasingly clear is that for recovery and the goals of socio-economic transformation of the African continent to be realized, and for Africa to resume the path of sustainable development, there must be a balanced and far-reaching process of adjustment and economic reforms that transcend the narrow confines and goals of short-term macroeconomic and financial balances. Such recovery and adjustment plans must, above all, involve massive investments, especially in human resources and infrastructural development, that will promote long-term economic growth, and be supported by well-coordinated and comprehensive actions aimed at resolving the continent's interlocking problems of debt overhang, declining commodity prices and inadequate resource flows.

II. SECTORAL DEVELOPMENTS

A. Agriculture

30. According to data provided by the FAO (Table IV), agricultural production (including fisheries, livestock and forestry) declined in developing Africa by 1.5 per cent in 1992 compared with an increase of 3.8 per cent in 1991. The adverse performance of agriculture in 1992 is ascribed foremost to the devastating drought that hit Eastern and Southern Africa during the year,the fall of agricultural production in North Africa and, to some extent, the slowing down of the growth of agricultural production in West Africa. In Eastern and Southern Africa, the drought resulted in a substantial decline of output by 7.7 per cent compared to a negative growth rate of 1.2 per cent in 1991. The food emergency in the subregion was further exacerbated by war, refugee movements and the underlying economic and environmental fragility of the countries and the communities affected. In the North Africa subregion, where agricultural output had increased by 9.1 per cent in 1991, the main reason for the fall in production by 2.3 in 1992 is also the drought. The only subregions where agricultural production grew were Central and Western Africa, where growth rates of 2.3 per cent and 4.2 per cent were experienced, respectively.

Table IV
Growth of agricultural production
(in percentage)

Subregion	1989	1990	1991	1992
North Africa	0.9	3.2	9.1	-2.3
West Africa	3.3	1.8	5.3	4.2
Central Africa	-2.3	0.0	-1.0	2.3
Great Lakes	1.3	0.9	2.4	-0.1
East & Southern Africa	3.0	-0.2	-1.2	-7.7
Developing Africa	2.2	1.4	3.8	-1.5

Source: FAO Production Computer Printouts, Dec. 1, 1992 (Rome, Italy)

31. Aggregate cereal output in the Africa region was of 75.0 million tons in 1992, some 14.1 per cent lower than in 1991. Output of roots and tubers, which traditionally provide a key share of the food supply in much of tropical Africa, reached 114 million tons in 1992 compared with 111 million tons in 1991. Among roots and tubers, cassava production remained almost unchanged, declining by 0.7 per cent from 69.7 million tons in 1991 to 69.2 million tons in 1992.

32. In North Africa, the latest estimates put 1992 wheat production in the subregion at 9.5 million tons, which is 26 per cent less than the 1991 record crop. This sharp drop in production is ascribed to Morocco's harvest which fell by 3.1 million tons to 1.6 million tons as a result of a severe drought at the beginning of the growing season. In Algeria and Tunisia, production was lower in 1992 than in 1991 but still significantly above average. In Egypt, wheat production increased by some 3 per cent to 4.6 million tons. The coarse grain crop in the subregion declined in 1992 by some 20 per cent to 9.8 million tons.

33. In West Africa, the 1992 coarse grains harvest is estimated at 20 million tons, 7 per cent lower than in 1991. The crop output fell by 9 per cent to 11.9 million tons in the coastal countries, mainly due to unfavourable weather conditions in Ghana, Côte d'Ivoire and some parts of Nigeria. According to the FAO/CILSS[3] crop assessment mission, the total cereal output in the nine CILSS countries in 1992 is estimated at 9.1 million tons which is 5 per cent less than in 1991, but still above average. However, due to unfavourable weather, cereal output was below average in Mauritania and Cape Verde.

34. In Eastern Africa[4], Cereal production increased to 21.3 million tons in 1992, 6 per cent more than in 1991. There was a good crop in Ethiopia, estimated at 7.0 million tons or 8 per

3 Comité Inter Etats de Lutte Contre la Secheresse au Sahel (CILSS)

4 FAO definition includes the Sudan

above that of 1991, and a record 7.0 million tons crop in the Sudan (including 4.8 million tons of sorghum). In Somalia, agricultural production continued to be constrained by the political collapse of the country which has seen a quarter of its population flee abroad.

35. In Southern Africa, cereal production fell to 9.7 million tons, only a half of the 1991 level. In Zimbabwe, which experienced the worst drought in recorded history, cereal production was only 0.5 million tons compared to 2.1 million tons in 1991. Agricultural output declined by 35 per cent in real terms and with over 4 million people applying for relief assistance in fiscal year 1991/1992, the Government incurred expenditures of Z$600 million to finance drought-related expenditures.

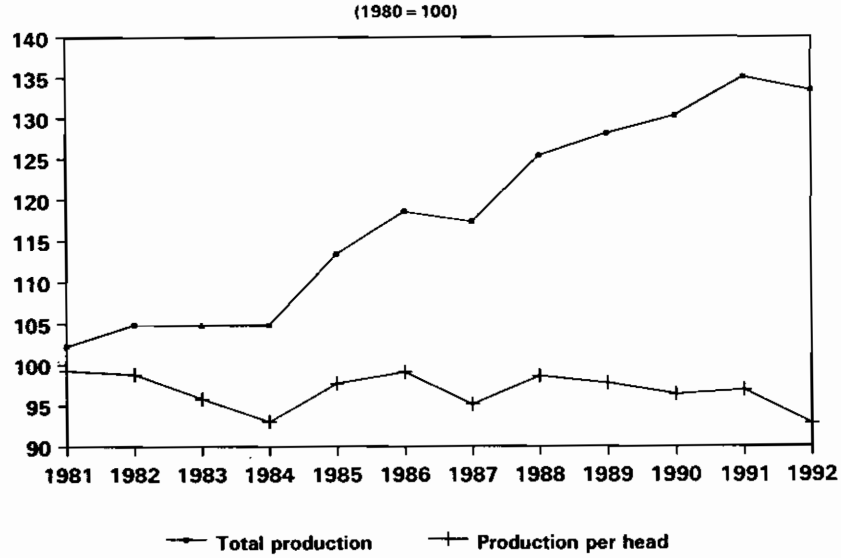
36. In Central Africa, the production of roots and tubers, which normally provides the bulk of the food supply, remained virtually unchanged in 1992, at 4.0 million tons, compared to 3.9 million tons in 1991. But the prospects for coarse grain were very satisfactory in the subregion.

37. With the outbreak of drought in Southern Africa early in the year, and the already existing food emergency in the Horn of Africa, food aid requirements increased considerably in 1992. In the Horn of Africa, in Somalia, 4.5 million people or about half the total population were exposed to famine, and deaths from starvation were recorded throughout the year despite the improvement of supply in the second half of 1992. In the Sudan, despite a bumper crop, a huge population of displaced persons, estimated at more than 2.8 million, were in urgent need of food aid in the southern part of the country in 1992. In Ethiopia, demobilized soldiers and their dependants, displaced persons and returning refugees, as well as people affected by drought, all totalling almost 3.5 million, were also dependent on food aid.

38. In July 1992, the FAO estimated the number of people facing food shortages in sub-Saharan Africa at 40 million , among whom 18 million are in member countries of the Southern African Development Community (SADC). For the SADC area, food import requirements were estimated at 6 million tons, compared to 2 million tons in a "normal" year. In Mozambique, 3.1 million people, out of a total population of 17 million, were exposed to famine. In Zimbabwe, as already alluded to, the drought affected population numbering 4 million.

39. As a group, African countries were estimated to need some 20.2 million tons of cereal imports in 1992, compared with 18.8 million tons of actual imports in 1991, and food aid requirements were set at 5.5 million tons. In the event, international assistance and action by African governments combined to avert catastrophe in the region. In Somalia, the American-led intervention by the United Nations allowed for food distribution to be carried out in conditions of relative security, though some 300,000 famine-related deaths may have occurred in 1992 notwithstanding. In Mozambique, the worst affected country in southern Africa, an opportune cease-fire in October 1992 prevented what could have been a famine of major dimensions. According to the FAO/Commission on World Food Security, low income food dependent African countries imported some 10.9 million tons of cereals in 1991/92, and the forecast is for such imports to rise to 16 million tons in 1993. Of these, the total

Fig.5.Index of agricultural production
(1981 - 1992)
(1980 = 100)



cereal and non-cereal food aid to sub-Saharan Africa handled by the World Food Programme (WFP) on behalf of bilateral donors reached 4.1 million tons and is expected to reach 5.7 million tons in 1993. The major recipients of food aid in sub-Saharan Africa in 1992 were Ethiopia (27.8 per cent), the Sudan (12.6 per cent), Mozambique (11.5 per cent), and Malawi (6.3 per cent). In addition to providing emergency food relief, WFP, logistical support has become an indispensable part of the international response in large and complex relief operations for the coordination of port operations, port rehabilitation and improvement, the organization of internal transport, managing trucking fleets and airlifting food to remote and insecure areas, which are all part of WFP ongoing activities. In 1992 the African region received almost 40 per cent of WFP assistance.

40. Data on Africa's industrial crops and its share in total world production in 1991-1992 are given in Table V. For practically all crops listed, production declined in 1992 compared to 1991. Tobacco and cocoa production made some modest gains and increased by 5.1 and 5.7 per cent respectively.

41. Cocoa production in developing Africa stood at 1.26 million tons in 1991 compared to 1.33 million tons in 1992. Cocoa prices were in decline throughout most of 1992, reaching a 19-year low in June 1992 when the monthly average of the International Cocoa Organization (ICCO) daily price fell to US$945 per ton. Given the menace of huge stocks hanging over the market, the chances of a major recovery in prices in the near future are slim. In fact, by the end of January 1993, the ICCO daily price was 48.5 US cents per lb. compared to 58.4 cents per pound a year ago.

42. In 1992, representatives of the 45 cocoa producing and consuming member countries of the ICCO met thrice under the auspices of UNCTAD in an attempt to revive the International Cocoa Agreement. While some progress was made, views continued to diverge on the possible economic mechanisms of a future agreement. Since 1986, there has in fact been no international intervention in the world cocoa market because of divergences between producers and consumers; and when the Agreement was extended in 1990 for a further two year period, the price defense mechanisms were in effect discontinued.

43. African coffee producers, who previously on average earned more than US$3 billion a year from coffee exports, saw their export earnings decline to about US$2 billion a year since the suspension of the International Coffee Organization (ICO) export quota system in July 1989. An indicator of the slump of the coffee market is the fall of the ICO average daily price to 53.83 US cents per pound in 1992 from 67.38 US cents per pound in the previous year, compared to an average of 131.3 US cents a pound in 1982-1984. Until now, efforts to revive the ICO export quota system have failed, and production has been falling in a number of countries, as the cultivation of the crop becomes less and less profitable.

44. Despite the mounting crop losses in major exporting countries during 1992, tea prices have not recovered significantly from the depressed levels of 1991. Average prices in 1992 stood at 114.20 US cents per pound compared to 104.51 cents per pound in 1991 (London average auction prices). The depressed price level is attributable both to deliberate stock management policies and recessionary market pressures, especially the reduced demand for

Table V
Production of industrial crops

	1989		1990		1991		1992	
	000' metric tons	Percentage share of world production	000' metric tons	Percentage share of world production	000' metric tons	Percentage share of world production	000' metric tons	Percentage share of world production
Coffee	1268	20.7	1262	19.9	1183	18.7	1111	18.5
Cocoa	1373	55.9	1417	56.8	1257	55.0	1329	56.4
Tea	291	11.9	309	12.3	321	12.4	288	11.5
Tobacco	319	4.5	341	4.9	396	5.3	416	5.4
Seed cotton	3709	7.4	3442	6.4	3813	6.2	3544	6.4
Sugar	5640	5.3	5712	5.1	5619	5.0	5409	4.6

Source: FAO Production Computer Printouts, Dec. 1, 1992 (Rome, Italy) agricultural parastatals, while in the United Republic of Tanzania, most social functions formerly carried out by the National Milling Corporation have been either abolished or transferred to the Ministry of Agriculture. In Uganda, private grain traders have increasingly been allowed to operate alongside the Produce Marketing Board and most controls and subsidies affecting maize marketing in Zambia have been removed. In Zimbabwe, a partial de-control of maize sales and movements between production zones has been introduced.

53. Along with agricultural-related policy reforms, African countries are promoting environmental protection through, inter alia, forestry development and a rational exploitation of fisheries resources. In Zaire, the government has banned the felling of "wenge" trees to prevent deforestation. Ghana has prohibited exports of 18 log species, and has extended this ban to other species, such that in 1994, log and air-dried timber exports will be phased out altogether. Senegal and other countries of West Africa will, with EC support, shortly begin implementing a Regional Indicative Programme. Eighty billion CFA francs (ECU228 million) have been made available for the purpose, and the funds will be directed towards three focal sectors - the management of natural resources, environment protection and the improvement of the natural resources base. In Kenya, the National Programmes of Action have outlined significant strategies for the management of the environment, proposing measures to monitor industrial air pollution and to improve the hygiene standards in houses so as to protect children from indoor air pollution, caused by the burning of firewood.

B. Mining

(1) Fuels

54. Oil production increased only marginally in 1992 by less than 1 per cent compared with 1991. OPEC members production remained virtually at the same level while the production of non-OPEC members increased by only 3.4 per cent. The performance of OPEC members was partly due to the mandatory production cuts imposed by OPEC. In the Libyan Arab Jamahiriya, for example, crude oil output dropped slightly by 0.8 per cent, because of the country's OPEC strict adherence to its production quota of 1.48 million b/d and a temporary shortfall in production due to maintenance works. Even in Algeria, where condensates production is not subject to OPEC quotas, there was a slight decline in crude oil production, from 62 million tons in 1991 to 61.5 million in 1992. Among non-OPEC producers, the best results were obtained by Angola, with oil production reaching 27.4 million tons from 24.9 millions in 1991. In contrast, production in Cameroon has continued to slide, owing to declining well productivity, and the absence of significant additions to reserves in recent years.

55. There have been significant additions to the oil reserves in Africa as a whole in 1992. While Africa's reserves at the end of 1991 were about 8.6 billion tons (or 60.4 billion barrels), it constituted only 6.4 per cent of world reserves. But a major cause for concern is that new discoveries remain limited to countries already producing oil, and no important new producers have emerged in recent years. The problem is that exploration is not only determined by the probable existence of deposits, but by the conditions in which oil companies have to operate. These conditions have not been too favourable in recent years, and this explains the relative reduction in the number of operators observed in the region. In Cameroon, for example, rigid procedures in the distribution of profits and the level of taxation are some of the major explanations for the decline in production.

Table VI
Crude oil production in developing Africa
1990-1993
(in million of tons)

Country	1990	1991	1992	1993 a/
Algeria (*)	58.1	62.0	61.5	59.9
Angola	23.6	24.9	27.4	27.6
Cameroon	8.1	7.5	7.4	7.5
Congo	8.1	8.0	8.2	8.3
Egypt	43.8	43.9	44.2	44.7
Gabon	13.5	14.6	14.8	14.3
Nigeria	88.6	93.1	93.8	90.6
Libyan Arab Jamahiriya	69.7	74.3	73.7	68.7
Tunisia	4.6	5.3	5.6	5.7
Zaire	1.4	1.5	1.4	1.4
Developing Africa	319.5	335.1	338.0	328.7

Sources: OPEC Bulletin, various issues; MEED, 26 February and ECA Secretariat.
(*)= including condensate
a/= forecasts

56. Fortunately, the overall situation in developing Africa has been improving rapidly in the last two years, and new incentives provided to oil companies have led to a significant resumption of oil exploration in the region. In Algeria, for example, the Government has opened oil exploration to foreign operators, in particular companies with the necessary know-how to enhance oil recovery. Oil exploration contracts with foreign companies have been signed at an increasing rate: 30 in 1991, and in 1992 the rush of oil companies to sign deals with the country's hydrocarbon company, Sonatrach, has continued. In Egypt, the Egyptian General Petroleum Corporation (EGPC) announced in 1992 the launching of one of its biggest exploration offers: 17 blocks covering 187,000 square km have been opened to bidders. In Gabon, with the discovery of the inland Rabi Kounga field which now has a capacity of 160,000 b/d (8 million tons per year), oil exploration received a considerable boost and several companies have received permits recently including ELF the French company operating in Gabon. In Nigeria, regulations have been made more flexible to encourage oil exploration and investment. Nigeria is planning to increase the country's oil production capacity to 2.5 million b/d (125 million tons a year) by encouraging greater foreign investment in the industry. Thus, in 1991 alone, 72 new oil exploration deals have been signed. Shell, the most important company operating in Nigeria, has announced investment plans amounting to US$5 billion, to be implemented in the following five years.

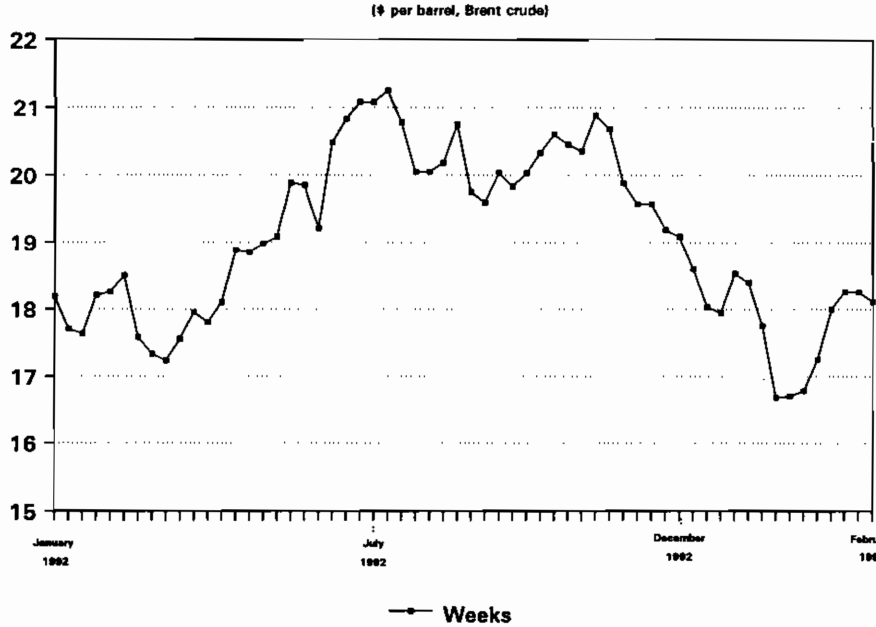
57. Gas resources are important in Africa, with proven reserves estimated at 9,771 billion cubic meters by the end of 1991. Nigeria has the largest reserves (3,400 billion cubic meters), followed by Algeria (3,626 billion cubic meters), the Libyan Arab Jamahiriya (1,390 billion cubic meters) and Egypt (396 billion cubic meters). These resources have not however been sufficiently exploited, with the exception of Algeria which is one of the world's most important producers (54.76 billion cubic meters of commercialized gas in 1991). In Nigeria, for example, out of a gross production of 28.9 billion cubic meters, only 4.75 billion cubic meters were commercialised, and 2.4 billion cubic meters reinjected. The remainder was burned off on the field. The equivalent of 18.0 million tons of oil was thus wasted.

58. However, efforts are underway to increase the use of natural gas. In Nigeria, commercialised production has increased significantly from 3.1 billion cubic meters in 1984 to 4.75 billion cubic meters in 1991. Moreover, a gas project is presently under completion with the objective of exporting natural gas from a liquefaction unit in Finima, which has a capacity to process 5.5 billion cubic meters a year and which is expected to come on stream in 1996.

59. Other gas projects are due to start or have started in Côte d'Ivoire (Foxtrot deposit off- shore Jackville), Ethiopia, and Equatorial Guinea. In the latter case, the exploitation of the offshore Alba gas deposit had started since the end of 1991 to

Fig.7.Oil prices, 1992-1993

($ per barrel, Brent crude)



Source: The Economist, London

produce condensate at the rate of 500,000 tons a year.

(2) Non-fuel minerals

60. The African continent has always been considered one of the great storehouses of mineral wealth. However, commercial-size mining operations take place in only 18 developing African countries, and only in a handful is the mining sector playing a pivotal role. In Botswana, for example, minerals are providing the basis for a high level of economic growth. The mining sector accounts for more than 80 per cent of exports, and over half of GDP. Similarly, in Namibia, mining is the most important sector of the economy as it accounts for over 75 per cent of exports, constitutes the biggest source of government revenue and provides a major source of private employment.

61. This notwithstanding, the African mining sector is undergoing a severe crisis. Mineral production declined throughout the region since the mid-1980's and more particularly since 1990. During 1991, the production of several of the African major minerals fell: iron ore by 28 per cent, tin by 25 per cent, phosphate by 19.1 per cent, copper by 15.8 per cent, silver by 10.7 per cent, cobalt by 7.2 per cent, and bauxite by 3.4 per cent. The diamond market was also under pressure from falling demand. The downward trend in the mining sector continued in 1992, and only a marginal increase in the volume of output came from zinc, gold and silver with recorded rises in production of 2.2 per cent, 2.0 per cent and 0.4 per cent, respectively.

62. Several factors, both internal and external, appear to have contributed to the slow growth or decline of African mining over the last three years in terms of new projects and investment. These factors include:

(a) The continued recession in the industrial countries, especially Japan and Germany;
(b) The limitations in the fiscal and legal environment, combined with political risks; and,
(c) The unfolding political and economic events, worldwide, that have led to the gradual shifting of Western capital and attention to countries of Eastern Europe; and
(d) The weak integration of the African mining sector with other socio-economic activities at national, subregional and regional levels.

63. In spite of this, a growing number of African countries are paying particular attention to their mining sectors and encouraging private and individual participation, both domestic and foreign, in the development of new or existing mines. Mining regulations and invest codes are in the process of being revised and the overall policy climate improved to encourage private sector participation, both domestic and foreign, in the development of mines. In addition, the degree of State control is being reduced where such involvement adversely affects the efficiency of mining operations.

64. In Zambia, a new investment Act for mining that was drafted in late 1991 keeps tax rates low and provides incentives for forward linkages to take advantage of available low-cost hydroelectric power and labour.

65. In Nigeria, new investment incentives were introduced by the government to liberalize the mining sector. Under the new regulations, investors will enjoy concessions ranging from tax rebates with 10 years of grace to mining insurance cover and export concessions.

66. In Sierra Leone, one of the major new initiatives in the 1992/93 budget is a comprehensive programme for the reform of public enterprises. With regard to gold and diamonds, which have for long faced massive smuggling, the government is in the process of developing a comprehensive framework for their national exploitation and for firm security arrangements to combat smuggling.

67. In Ghana, for the last three years, the government has given special attention to the development and expansion of the gold mining industry, and new projects are currently on the way.

68. In Botswana, the Monarch mine near Francistown, has been brought back into operation, after almost 30 years of closure. The mine is expected to produce some 1,600 ounces of gold a month, starting early in 1993.

69. Following recent concerns on environment and development, and taking into account the polluting nature of the mining industry, several African countries were in the process of introducing environmental laws, regulations and standards to ensure sustainable development. However, institutional capabilities for ensuring compliance by mineral development operators, particularly the small ones, remain weak.

70. In terms of prices, the uncertain international economic environment was a source of concern in 1992 and many mineral commodity prices were under pressure from the supply and demand shocks that resulted from the breakup of the former Soviet Union and the consequent increased participation of Eastern European economies in Western commodity markets. Prices for aluminium and zinc fell almost to the lows of the mid-1980s; aluminium prices went down by 20 per cent, and zinc prices by 31 per cent, both because of oversupply conditions and reduced demand in the construction and automobile industries. As a result, the base metal market weakened considerably. Coupled with low production levels, this has squeezed the profits of most African mining companies. In Zaire, for example, despite the fact that cobalt prices in 1992 reached their highest level in 18 years, production declines at GECAMINES prevented the country from taking advantage of the price boom.

C . Manufacturing Industry

71. As shown in Table VII, the situation of the manufacturing sector improved slightly in 1992, with value added (MVA) increasing by 2.0 per cent after a decline by 0.3 per cent in 1991. This resulted from divergent trends: value added increasing in North and West Africa while it dropped in Central, and Eastern and Southern Africa. The share of manufacturing in total regional GDP remains low, at an average of 10.6 per cent in the 1990-1992 period.

72. As in previous years, capacity utilization remained low, ranging between 30 to 50 per cent in most countries in the region. In addition to structural bottlenecks such as a high degree of import-dependence, other constraining factors have emerged in recent years, in association with SAPs: high interest rates (in Nigeria, for example, the lending rate was 26 per cent in October 1992); the crowding-out of locally produced goods by import liberalization measures; and, higher costs of raw materials and other imported inputs because of currency devaluation.

73. The manufacturing sector has undergone little or no structural change in recent years and, except in a few relatively industrially-advanced economies in the region, the bulk of manufacturing output continues to be dominated by light consumer goods industries. In many countries, public investment has been scaled down drastically, reducing the level of domestic investment in manufacturing industry. The inflow of private direct foreign investment remains negligible despite the privatization of State-owned enterprises and the opportunities offered by investment codes in the region. According to a recent report by the International Finance Corporation (IFC), flows of private direct foreign investment accounts for only 9 per cent of the GDP of sub-Saharan Africa, well below the levels observed in other developing regions.

74. There were substantial variations in the performance of the manufacturing sector at subregional and country levels in 1992. For instance, in Eastern and Southern Africa, the combination of severe drought and a foreign exchange crunch adversely affected industrial activities in countries such as Kenya and

Table VII
Indicators of manufacturing performance in Africa
(1990 - 1992)

Subregion/Economic grouping	Share of manufacturing in GDP (1980 prices)			MVA growth rates (1980 prices)		
	1990	1991	1992 (*)	1990	1991	1992 (*)
North Africa	11.5	11.3	11.7	3.1	1.0	5.8
Maghreb countries	10.5	10.3	10.5	3.6	0.1	3.4
East & Southern Africa	12.4	11.8	11.8	2.2	-2.9	-2.6
Central Africa	12.1	10.8	9.8	-5.4	-11.3	-11.2
West Africa	8.9	8.9	8.9	5.0	3.9	3.3
LDCs	9.0	8.6	8.7	0.9	-2.4	2.2
Sub-Saharan Africa	10.3	9.9	9.7	2.0	-1.1	-0.7
Developing Africa	10.8	10.5	10.6	2.4	-0.3	2.0

Source: ECA Secretariat
(*) Preliminary estimates

Zimbabwe, with subregional MVA, which had already fallen by 2.9 per cent in 1991 declining further by 2.6 per cent in 1992. MVA is estimated to have declined by almost 5 per cent in Zimbabwe alone, and only a paltry 2.0 per cent growth rate was realized in Kenya. A recovery is forecast in 1993 at the rate of 2.6 per cent, predicted on expected improvements in the supply of agricultural raw materials, coupled with increased availability of foreign exchange under various externally-financed import support funds.

75. In West Africa, the share of the manufacturing sector in GDP levelled off at 8.9 per cent in the 1991-1992 period. It is not certain however that much significance can be attached to this trend, given the limitations of the data. New investments have been made in recent years in Nigeria, Ghana, Côte d'Ivoire and Senegal, which, altogether, account for over 90 per cent of the manufacturing output of West Africa. Also, the improved access of some countries in the subregion to import-support funds have enabled manufacturing enterprises to purchase raw materials and other essential inputs, thereby enhancing output. However, increases in the subregional MVA is estimated to have slowed down in 1992 at 3.3 per cent after a 3.9 per cent rise in 1991 as compared to a growth rate of 5 per cent in 1990 .

76. The manufacturing sector in Nigeria, which is the leading industrial economy in the West African subregion, has posted healthy growth rates in recent years, though its performance slackened to an estimated 4.5 per cent in 1992 from 6.1 per cent in 1991. Export incentives for non-oil exports and the manufactures-in-bond scheme that became operational in 1992 have contributed to improving performance. Nigeria's manufacturing sector, however, continues to experience persistent capacity under-utilization. According to a report by the Manufacturers Association of Nigeria (MAN), the capacity utilization rate, on an annual basis, increased only marginally from 36.8 per cent, in 1991, to an estimated 37.4 per cent, in 1992, although the utilization rate was as high as 47.6 per cent among industries sourcing domestic raw materials, compared to an average of 23.8 per cent for those heavily dependent on external sources for production inputs. MAN attributes the low capacity utilization to sagging consumer demand; frequent breakdown of machinery; high production costs; a dearth of working capital; high interest rates; and, inadequate protection for domestic industries. Domestic and foreign private investments remain sluggish, and the floatation and the resultant massive devaluation of the naira in 1992 under the SAP, has adversely affected import-dependent industries.

77. In Ghana, manufacturing accounted for only 9 per cent of GDP in 1992 while MVA is estimated to have increased by 5.6 per cent. But that over 150 enterprises have closed down during the period of the Economic Recovery Programme (ERP), due to their inability to sell their products. This is attributed to the adverse effects of import liberalization measures which have allowed cheap imports to flood the domestic market. Although industrial output has increased under the ERP, local manufacturing enterprises are constrained by high tariffs on imported inputs and difficulties of access to institutional credit for new investment or expansion. A survey by the Association of Ghana Industries revealed that the prices of most imported consumer goods are lower than their ex-factory prices in their countries of origin.

78. In Côte d'Ivoire, MVA dropped by 2.3 and 1.7 per cent in 1991 and 1992, respectively, due to the acute financial difficulties the country experienced largely as a result of depressed prices for cocoa and coffee which account for the bulk of foreign exchange earnings for financing imported inputs. The debt burden and a severe adjustment programme also constrained growth in Côte d'Ivoire during this period. By contrast, manufacturing output growth of 4.4 per cent in Senegal in 1992, was a considerable improvement on the increase of 1.6 per cent in 1991, even though groundnut processing, the dominant manufacturing activity, with total capacity of 920,000 tons per annum was operating at only 30 per cent capacity.

79. In North Africa, including the Sudan, manufacturing output recovered in 1992, with a growth rate of 5.8 per cent compared to only 1 per cent in 1991. Egypt's manufacturing sector, which alone accounts for around 30 per cent of subregional output, recorded a growth rate of 10.2 per cent compared to only 1.2 per cent on average in 1990-1991. The Egyptian manufacturing industry is undergoing significant changes under the ERP which has been in place since July 1991. On the one hand, new investments are being approved under the Egyptian Investment Authority: 146 new investment projects in 1991-1992, of which 78 for manufacturing with a total investment of £E 3,324 million; also, the capital subscription of 45 ongoing projects was increased to £E 3,000

million. On the other hand, the manufacturing industry has had to cope with the unfolding long-term effects of the Persian Gulf Crisis in terms of lost remittances and an aggravation of the unemployment problems by the returned labour from the Gulf. In the Maghreb Union countries (excluding the Sudan), manufacturing output also improved, by a mere 0.1 per cent in 1991, followed by 3.4 per cent in 1992. The trading opportunities offered by the proximity of the Maghreb countries to the EC, and increased intra-Maghreb trade in light manufactures, were the main impetus for the increased output in 1991-1992.

80. In Central Africa, the political and economic crisis in Zaire was the main factor in the decline of subregional manufacturing output by 11.3 per cent in 1991 and 11.2 per cent in 1992. Successive riots since September 1991 have inflicted serious damage to industrial plants in Kinshasa and other cities. Even the large mining area of the Shaba province has been adversely affected. Moreover, Zaire's manufacturing sector suffered from a dramatic fall in demand, and from a virtual interruption of input supplies, and hyper-inflation. Manufacturing activity in the Central Africa subregion was further circumscribed by the decline of Cameroon's manufacturing output from FCFA 440.1 million in 1990/91 to FCFA 375.9 million in 1991/92, in current prices. Estimates for 1992/93 indicate little or no improvement, given the inability of domestic manufactures to compete with imports.

81. Despite the constraints facing the manufacturing industry sector, most African Governments are striving to improve the investment climate, and, to encourage private sector initiatives. They offer new and most attractive investment incentive codes, and have been making efforts at investment resource mobilization, especially for small- and medium-size enterprises. Other measures include the establishment of Export processing zones (EPZs); the creation of capital markets (Stock Exchange); and, the reorganization and easing of the investment projects approval process.

82. Privatization remains also a key element of African economic reform programmes. In Egypt, where the state sector accounts for over half of GDP and investment, and for 47 per cent of employment, the process started in 1991 with the establishment of holding companies, allowed to buy shares of public enterprises. In Morocco, where 112 state holdings are slated to be privatized, a start was made with the announcement, that Societé de Derivés du Sucre (Soders), was to be put up for sale two years after the enactment of legislation to divest state ownership in strategic industries. Morocco's privatization programme is aimed at attracting foreign investment, which is said to be growing at 60 per cent per annum and attracted US$800 million in 1992. The government is expecting to realize DH25 billion by 1995 from the sale of the assets of State firms.

83. In 1992, the Government of Algeria decided to: extend investment incentives of the type offered to international oil companies to other foreign investors in order to acquire foreign exchange through the sale of some of its assets; introduce modern technology to improve quality and productivity; and, secure export markets for locally produced manufactures. Of 189 state enterprises up for reform, only 25 are said to be financially sound. The Algerian Treasury had allocated AD 48,300 million to restructure the finances of the 164 loss-making State firms.

84. The Libyan Arab Jamahiriya is gradually shifting to market-oriented economic policies as a way of opening up the economy to foreign investors. A new law, enacted in June 1992, allows for the establishment of joint stock companies, with public sector share in the equity limited to 8 per cent for companies with capital in the range of LD1-2 million and, 5 per cent for larger capital subscriptions. Under the new law, foreign exchange retention is permissible, with companies using own-foreign exchange to meet import requirements. Investors are also allowed corporate tax exemptions up to 80 per cent of gross taxable profits.

85. In the United Republic of Tanzania, the Government plans to liquidate or sell inefficient enterprises and retrench 80,000 employees in the next three years. Parastatals are reported to be costing the government some US$2 million in subsidies every month, with many of the enterprises operating below 40 per cent of capacity due to poor management. The Tanzanian Sisal Authority, one of 400 public and semi-public parastatals in the country, is expected to be run by a newly established management company that will offer 51 per cent of the shares to the workers and retain 49 per cent for the government.

86. In 1992, Uganda's Public Enterprise Divestiture and Restructuring Board earmarked

over 100 enterprises for privatization, including the Uganda Post and Telecommunications Corporations (PTC), the Uganda Railways Corporation (URC), the National Insurance Corporation and the Uganda Development Bank. The manner in which the Government is handling the privatization exercise has come under criticisms from local businessmen who have alleged that the assets of certain public enterprises which have been turned over to foreign investors were undervalued.

87. An innovative technology-related industrial strategy, the "Incubator Approach", which has proven to be a viable option in reducing the failure rates of small and medium-sized enterprises in the Newly Industrialized Economies (NIEs) of Asia and Latin America, is being tested in Africa. The approach centres basically on the creation of workshop and factory facilities which are then made available to tenant companies and entrepreneurs in value-added and technology-related activities. It provides new business ventures with shared office services, technology consultancy research and development (R & D) advises, access to risk capital and management and marketing assistance. By providing tenant companies with these services on a one-stop basis, it enables enterprises to reduce overhead costs and significantly contribute to the growth prospects of new businesses. Four pilot schemes of "technological Incubation" centres are being experimented with in Nigeria, Côte d'Ivoire, Gabon and Zimbabwe, with financial assistance worth US$1.5 million from UNDP/UNFSTD. The incubator centres are said to be crucial in economic diversification, commercialization of research findings, job creation and the decentralization of industrial development away from high urban concentrations.

Box 3
Laketch Factory: An Intermediate-technology-based Cottage Industry

In Addis Ababa, in an area hardly exceeding four hundred square metres, a young indigenous physicist, employing a small capital and using mostly local raw materials, is producing a fairly technologically-advanced and fuel-efficient domestic stove. The simply-designed product sells at less than US$ 6.00 a unit in Addis Ababa. Built with poles and corrugated iron sheets, the Laketch factory's fixed capital consists of only two clay cleaning and precipitation basins, and a small kiln that uses animal dung for curing. The work force itself is small, with only six employees. The factory now produces about 100 units daily and its distribution network is slowly expanding in Addis Ababa and into two other Ethiopian towns. The fact that the new product is gaining on other traditional stoves arises from its greater efficiency, estimated by the Ethiopian Ministry of Mines at around 25 per cent, over conventional stoves in the country. Given the current price of a 50 Kg bag of charcoal in Addis Ababa at 60 Birr or US$ 12, the implied savings are significant in a country where the minimum wage is of 60 Birr a month or US$ 12. Also, the new product should be a welcome environment-friendly device.

88. The mobilization of investment funds for small- and medium-scale enterprises (SMEs) and the creation of Export Processing Zones (EPZs) featured prominently among other industrial strategies that African governments pursued in the 1991-1992 period. SMEs are accorded high priority in Nigeria, and the government has created a number of financial and other institutions to stimulate their development. These institutions include: the Nigerian Bank for Commerce and Industry, the National Economic and Reconstruction Fund (NERFUND), the Small-Scale Industries Credit Scheme, the Peoples Bank, and, the Community Bank. A recent survey of 29 banks by NERFUND, which gives soft loans to SMEs, shows that there is increased commitment by banks to fund SMEs that are wholly dependent on local raw materials. Nigeria has established the Raw Materials Research and Development Council (RMRDC) which , in 1992, decided to float a N750 million risk fund for agricultural, manufacturing and mineral-based enterprises. Nigeria has also joined the ranks of African countries such as Mauritius, Kenya, Cape Verde, Togo, Senegal, Ghana and Cameroon, in establishing an EPZ at an industrial estate adjacent to the port of Calabar, covering 300 acres. The project cost is N 815 million, and emphasis is on low technology and high labour-content industries that source local raw materials and with potential for forward-backward linkages.

89. In many African countries, measures to create an enabling environment for private investment have featured prominently in industrial policies in 1991 and 1992. These measures have included access to credit

facilities; alleviating the tax burden on existing firms; offering tax incentives for new private sector entrants; and, easing the approval of investment projects. In 1992, Ghana started on a five-year Trade and Investment Programme (TIP) aimed at removing constraints on private sector investment and, stimulating non-traditional exports. Under the country's Economic Reform Programme, non-traditional exports have grown from US$2 million in 1984 to US$62 million in 1991. The TIP will extend its services to the Ghana Export Promotion Council (GEPC) and the Ghana Standards Board. To complement the Programme, the Government is funding a US$2 million feasibility study on the establishment of an EPZ between the Port of Tema and the town of Ada to provide a duty free zone for imported inputs for export-oriented industries. The EPZ is also expected to broaden the industrial base, generate employment, enhance the country's foreign exchange earning capacity and facilitate technology transfer.

90. Kenya's 1992/93 budget included measures to reduce corporate tax from its current level of 37.5 per cent to 35 per cent while withholding tax is slashed from 15 per cent to 10 per cent. Also, the top duty rate is cut from 70 per cent to 60 per cent in order to reduce the cost of imported raw materials. The aim is to give the Kenyan manufacturing sector a competitive edge in attracting and increasing investment, and to expand employment. The Government is reviewing the Foreign Investment Protection Act to incorporate better incentives, as well as further liberalization of the foreign exchange market by introducing foreign exchange bearer certificates as a way of increasing accessibility to foreign exchange. In 1991, export growth was led by non-traditional manufactured goods which increased by nearly 40 per cent in value.

91. In its 1992/93 budget, the Government of the United Republic of Tanzania abolished customs duty and sales tax on industrial inputs as well as excise duties on locally produced goods, such as sugar, textiles, cement, etc. The corporate tax rate for local firms was reduced to 35 per cent instead of 45 per cent and, for foreign firms, from 50 to 40 per cent. Similarly, Malawi, has introduced a 12 per cent export allowance for non-traditional exports and abolished excise duties on local raw-materials so as to enhance domestic sourcing of inputs. Also, in the 1992/93 budget, corporate tax is reduced to 35 per cent from 40 per cent and, manufacturing enterprises are given a rebate on expenses incurred in the 18 months from the start-up of operations.

92. In spite of the observable reorientation in the industrial development strategy and policies pursued in many African countries, an effective and early realization of the target growth rate of 8 per cent per annum set in the second Industrial Development Decade for Africa (IDDA II) for the manufacturing sector is hardly in sight, given the entrenched structural rigidities, 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 on the continent remains clouded by an increasingly volatile and fragile political environment, domestically, and by the constraint of inadequate inflow of financial resources, growing protectionism and, an increasingly hostile international economic environment. Reconciling these two divergent trends is the real challenge of industrialization in the African region in the 1990s and beyond.

III. THE EXTERNAL SECTOR

A. Trade

93. World trade recovered in 1992, with volume increasing by 4 per cent compared to only 2.6 per cent in 1991 and 4.1 per cent in 1990. The growth in the volume of world trade in 1992 was due, in no small measure, to the strong import demand from developing countries. Recessionary conditions in the industrial countries have constrained their import demand. According to a World Bank forecast, world trade volumes are likely to grow by 5.5 per cent in 1993 alongside a continuing recovery in the world economy, while interest rates would edge up slightly by 5.4 per cent and commodity prices increase, on average, by 3.8 per cent.

94. While the trade of developing countries as a whole has remained buoyant during the current slowdown of the world economy, this has not been the case for the African region. Like in 1991, available data shows that the performance of developing Africa's trade has been unsatisfactory in 1992. Export values declined by 6.1 per cent to US$70.8 billion, and, with unit export values barely moving (an increase of only 0.1 per cent is estimated), the volume of exports fell sharply by 6 per cent. Imports rose on the other hand to US$81.0 billion, a 9.3 per cent gain, and, with prices increasing by 3.2 per cent, import volumes grew by a significant 3.6 per cent. The changes in export and import prices have meant a reduction in the terms of trade loss to 3.0 per cent in 1992, compared to the steep drop of 9.7 per cent experienced in 1991, following a gain of 2.3 per cent in 1990. But the purchasing power of exports declined sharply, with a fall of 9.0 per cent in 1992 compared to 3.4 per cent in 1991. All this is in sharp contrast to the gain of 20 per cent in 1990, induced by the oil windfall arising from the Persian Gulf crisis.

Table VIII
Developing Africa
External trade indicators
(percentage change)

	1989	1990	1991	1992
Exports				
Value	10.7	31.0	-5.8	-6.1
Volume	8.0	17.3	7.0	-6.2
Unit value	2.5	11.7	-12.0	0.1
Imports				
Value	5.0	25.8	-1.1	6.9
Volume	5.1	15.2	1.4	3.6
Unit value	-0.1	9.2	-2.5	3.2
Terms of trade	2.6	2.3	-9.7	-3.0
Purchasing power of exports	10.8	20.0	-3.4	-9.0
Share in world exports	2.1	2.4	2.2	2.0

Source: ECA Secretariat

95. Developing Africa's share in world trade remained minimal, and showed a downward trend. Measured by export values, it was only 2.0 per cent in 1992, hardly different from the ratios of 2.2 per cent in 1991 and 2.4 per cent in 1990.

96. Oil-exporting countries accounted for total exports of US$49.9 billion or 70.5 per cent of overall regional exports in 1992. The share of oil exporting countries in the region's exports was about 75.6 per cent at the beginning of the 1980s, but this ratio has been significantly reduced ever since owing to the fall in oil prices, both nominally and in real terms, although the shares have remained more or less the same since 1990. The earnings of oil exporters declined slightly in 1992, by 1.5 per cent. This was the result of a small drop in oil prices and a lower level of export volumes brought about by production capacity limitations and mandatory production cuts imposed by OPEC. Individual country performance varied however, from Egypt, where exports increased by 26.4 per cent to Gabon, where they dropped by 17.1 per cent. Following the boom of 1990, when they enjoyed a phenomenal 46.4 per cent increase in exports, Nigeria alone saw its exports grow by 72.6 per cent. The export earnings of the oil exporters fell in 1991.

Table IX
African oil exporting countries
Export revenues, 1989-1992
($ billion)

	1989	1990	1991	1992
Algeria	9.5	13.0	12.5	12.5
Egypt	2.3	3.5	3.5	4.5
Libya	7.3	11.4	9.5	8.6
Tunisia	2.9	3.5	3.7	3.7
Nigeria	7.8	13.6	12.2	12.6
Cameroon	1.6	1.9	1.6	1.6
Congo	1.1	1.4	1.1	1.1
Gabon	1.6	2.5	2.3	1.4
Angola	3.0	3.9	3.4	3.5
Total	37.1	54.7	49.8	49.5

Source: ECA Secretariat

97. Commodities prices continued to decline in 1992, albeit at a much reduced rate. The ECA index, using weights reflecting the structure of African exports, shows that the loss in average commodity prices was 1.3 per cent in 1992, compared to 14.3 per cent in 1991 and a gain of 18.3 cent in 1990. The decline in 1992 is 7.0 per cent, when oil prices are excluded, compared to 4.7 per cent in 1991 and 2.6 per cent in 1990, a trend that is not too different from those indicated by the indices calculated by the IMF, the United Nations Headquarters and UNCTAD for the world as a whole.

98. The prices of beverages declined on average by 12.3 per cent in 1992. although tea prices recovered in 1992, growing by 8.4 per cent, compared to a 9.3 per cent decline in 1991. The slide in cocoa and coffee prices continued. The price of cocoa dropped by a further 7.8 per cent and that of coffee by 12.4 per cent for the Uganda quality, movements which brought them sometimes close to their lowest levels in 19 years especially in the case of cocoa.

99. The prices of agricultural raw materials improved slightly however, by an average 2.5 per cent. But cotton prices fell sharply by 24.1 per cent because of a large imbalance between supply and demand on the world market.

100. Metals and generally mineral prices are normally very sensitive to the business cycle, and, in the last year, the downturn in their main markets, the industrial countries, has resulted on an average in a 2.6 per cent drop in 1992. Copper prices, in particular, lost 2.3 per cent on average, a rather moderate fall, given the political upheaval in the major African producer, Zaire, where production has gone down sharply. Nickel prices lost 14.0 per cent, and iron ore prices fell by 4.9 per cent because of the slump in steel production and demand, worldwide.

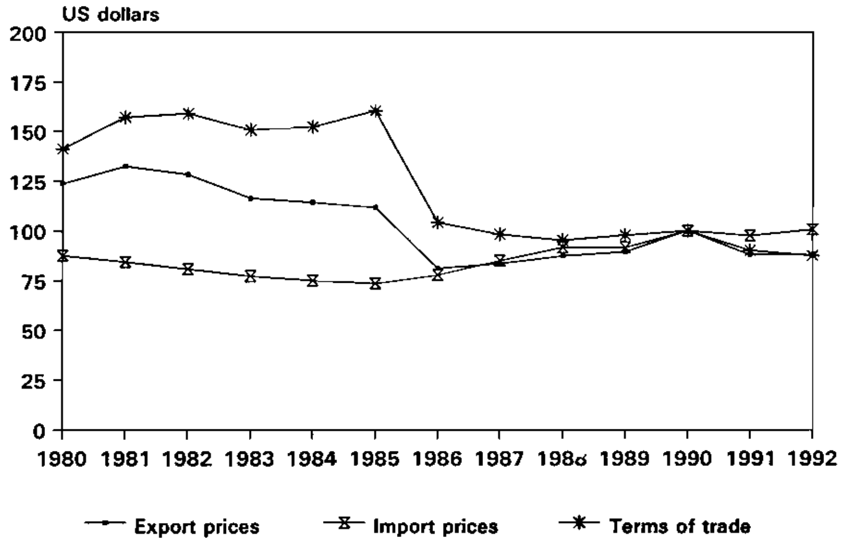
101. The increase of import unit values by 3.2 per cent in 1992 was essentially due to the rise in the prices of manufactured goods exports, which averaged 4.6 per cent after remaining stable for two years in a row during 1989 and 1990. This is despite the fact that inflation has moderated in the industrial countries. Food import prices, an important element, given the

Table X
Price indices for selected commodities
1989-1992 (1990=100)

		1989	1990	1991	1992
Petroleum	UK Brent	76.0	100.0	83.3	83.4
Bauxite		125.4	100.0	99.2	96.2
Coffee	Uganda (NY)	137.4	100.0	90.5	78.0
Cocoa	New York and London	98.0	100.0	94.1	86.8
Cotton	Egypt (Liverpool)	96.4	100.0	92.8	70.4
Groundnut oil	West Africa/Europe	80.4	100.0	92.9	63.3
Tea	Average auction price (London)	99.0	100.0	90.7	96.7
Sugar	E.C. import price	86.0	100.0	104.9	107.1
Logs	Malaysia (Tokyo)	106.7	100.0	105.4	110.5
Phosphate rock	Morocco	100.8	100.0	104.9	104.9
Iron ore	Brazil (North sea ports)	86.0	100.0	107.9	102.7
Copper	UK (London)	107.0	100.0	87.9	85.3
Index including fuels		81.7	100.0	85.7	84.4
Index excluding fuels		103.6	100.0	95.3	88.3

Source: ECA Secretariat

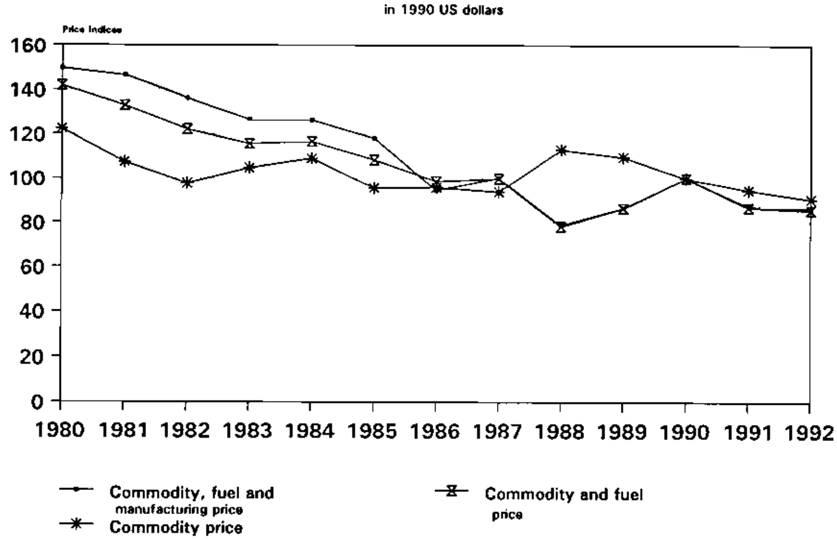
Fig.8. Trade indices, 1980-1992
in U.S dollars, 1990 = 100



increasing share of imports in the food supply of the region, particularly in 1992, a year marked by severe drought and famine, went up by a small 1.6 per cent, the price of wheat rising however by a sizable 17.7 per cent.

102. There were apparently no major changes in the structure of African trade, both in terms of product composition and in terms of origin and destination. Latest information available (1991) show that primary commodities (including oil) dominated exports, with a total share of 76 per cent, oil alone accounting for 51.5 per cent, and manufactures contributing 24 per cent. Manufactures alone accounted for 67.4 per cent of imports. Developed market economies also remain the main trading partners of the region, taking 82.1 per cent of the region's exports and supplying 73.7 per cent of its imports. However, the share of developing countries in imports has been growing relative to 1980, when it was 16.4 per cent, compared to 21.9 per cent in 1990, mostly due to increased imports from the so-called newly industrialised countries (NICs) of Asia which have become important suppliers. Intra-African trade has apparently made some gains, and some important changes have appeared in its structure. The share of agricultural raw materials, chemicals, machinery and other manufactures increased, while that of mineral fuels has dropped (from 40.9 per cent in 1980 to only 29.6 per cent in 1990). These movements are due in part to the changes which occurred in the relative prices of fuels and other commodities during the last decade and should, as such, be interpreted with care, more so that information on intra-African trade is notoriously incomplete and inaccurate.

Fig.9.ECA wholesales prices
(1980-1992)
in 1990 US dollars



103. Although the balance-of-payments figures for 1992 are tentative, it is clear that the current account deficit has increased. The trade deficit, which was US$1.7 billion in 1991, swelled to US$10.2 billion[5] in 1992, as the value of exports dropped while imports expanded. On the other hand, while the services deficit has improved from US$19.7 billion to US$18.7 billion , unrequited transfers contracted by nearly US$3 billion, due to a reduced level of private transfers which fell to US$ 13.7 billion from US$16.4 billion in 1991.

Table XI
Balance of payments, 1989-1992
($ billion)

	1989	1990	1991	1992
Exports	60.7	75.8	72.4	70.8
Imports	67.8	75.7	74.1	81.0
Trade balance	-7.1	0.1	-1.7	-10.2
Services (net)	-18.8	-19.8	-19.7	-18.7
Unrequited transfers	26.9	27.7	27.8	24.7
. official	12.2	10.9	11.5	11.2
. private	14.7	16.8	16.4	13.7
Current account	1.0	8.0	6.4	-4.2
Capital flows & errors	3.7	-12.1	-5.8	-7.1
Overall balance	4.7	-4.1	0.6	-11.3
Change in reserves and use of resources (-increase)	-2.1	-9.0	-4.4	4.4
Financing	2.6	-13.1	-3.8	-6.9

Source: ECA Secretariat

104. During the year, the stalemate within Uruguay Round of trade negotiations seemed to have been unlocked, when an agreement was reached between the USA and the EC on the vexing question of farm support. However, this issue became entangled with the process of ratification of the Maastricht Treaty enlarging EC, and opposition from some European Governments, particularly, France, has until now paralysed the Uruguay Round and the liberalization of world trade expected from it. The resolution of this issue is of clear importance for African countries which have keen interests in an open world trade system and, per force, stand to lose heavily from a strengthening of protectionism. The position taken by the USA and the EC of sharing available agricultural markets between themselves is far from consonant with African interests nor indeed those of other developing areas.

B. Debt

105. According to the World Bank,[6] the external debt of developing countries increased by 5.9 percent in 1992, compared to 5.0 percent in 1991. Most of the rise was due, on the one hand, to the inclusion in debt figures of the commitments of the countries of the former Soviet Union, and, on the other, to the rising flows of resources to middle income countries in Latin American and Asia. Indeed, long-term private flows to these countries have nearly doubled in volume between 1991 and 1992 in reaction to the growing signs of economic recovery.

106. Preliminary estimates by the ECA secretariat indicate that at the end of 1992, the outstanding external debt of developing Africa was US$ 281.8 billion, compared to US$ 281.0 billion in 1991. Even allowing for some inaccuracies in the evaluation of the commitments of certain countries[7] to the former Soviet bloc and for discrepancies between the sources of debt figures for certain debtor countries, the trend of these estimates seems to confirm that the external debt obligations of African countries have leveled, on the average, during the last three years. This, however, has been for the most part the result of the measures taken to write off and

5 On f.o.b. terms

6 World Bank, Debt Tables, 1992-1993. The table on page 13 indicates that the debt volume of developing countries under the World Bank notification system rose from $US 1,608 billion in 1991 to $US 1,703 billion in 1992, accounting for a 5.9 per cent increase nearly 80 per cent of which was accounted for by the group of South Asian, Central European and Central Asian and Latin American countries.

7 According to the Vnesheconombank, the debt owing to the former Soviet Union as of 1 January 1991 was 13.9 billion roubles distributed in decreasing order among the following ten countries: Ethiopia 3.1, Algeria 2.7, Angola 2.1, Egypt 1.7, Libya 1.6, Mozambique 0.9, Tanzania 0.3, Mali 0.3, Somalia 0.3 and Guinea 0.2.

reschedule part of the debt of Egypt. The situation remains disturbing in general for the African countries, many of which have continued to experience acute debt problems.

107. In North Africa, with the cancellation of part of Egypt's debt, and, with the restructuring of part of the debt of Algeria, the volume of external debt has again declined, by 3.8 per cent from US$ 118.9 billion in 1991 to US$ 114.4 billion in 1992. Apart from the Libyan Arab Jamahiriya, which normally has a positive external payments position and whose obligations to the outside world are fairly small, Egypt, Morocco, Tunisia and Algeria (in spite of the disproportionate structure of the latter's debt) have been very regular in servicing their external debt.

108. The external debt of sub-Saharan African countries was reported at US$167.4 billion in 1992, which represents an increase of 3.3 per cent compared to 1991, a rate virtually identical to that for the period 1990/1991. The World Bank[8] projections provide some points of reference regarding the origin of such growth. Drawings from official lenders in 1992, more particularly concessional loans, continued at a rate quite similar to that of 1991. In spite of an 8.7 per cent growth in the disbursement of medium- and long-term loans, the net resource flow was appreciably reduced during the year by debt servicing. As for other years, the level of debt servicing has remained higher than fresh commitments, while economic recovery would require just the reverse.

109. The debt-burden indicators of the African countries seem to have improved in 1992,

Table XII
Developing Africa's external debt and debt service, 1989-1992

	1989	1990	1991	1992 (*)
Total external debt	(Billions of dollars)			
Developing Africa	268.3	278.8	281.0	281.8
. North Africa	128.2	121.5	118.9	114.4
. Sub-Saharan Africa	140.1	157.3	162.1	167.4
Debt service	(Billions of dollars)			
Developing Africa	24.2	27.6	27.1	26.1
. North Africa	14.6	16.8	16.7	16.0
. Sub-Saharan Africa	9.6	10.8	10.4	10.1
RATIOS (in per cent)				
Debt to GDP				
Developing Africa	93.8	86.9	94.6	92.6
. North Africa	90.9	75.6	81.8	73.5
. Sub-Saharan Africa	96.6	98.1	106.9	112.6
Debt to goods and services exports				
Developing Africa	314.2	260.8	265.3	255.9
. North Africa	304.5	228.8	220.2	208.0
. Sub-Saharan Africa	323.6	292.4	312.3	303.8
Debt service to goods and services exports				
Developing Africa	28.3	25.8	25.6	23.7
. North Africa	34.7	31.6	30.9	29.1
. Sub-Saharan Africa	22.2	20.1	20.0	18.3

Sources: OECD, 1991 Survey; International Monetary Funds, World Economic Outlook, October 1992; ECA database; World Bank, World Debt Tables, 1992-1993; various sources
(*) Preliminary estimates

8 The World Bank classifies the Sudan among the countries of Africa South of the Sahara while ECA includes the Sudan in North African region. For lack of details regarding the debt structure of the Sudan in 1993, debt related flows of the Sub-Saharan countries (such as those analyzed in the text) are those supplied by the World Bank.

although the trend as of now remains yet uncertain. On the basis of available data, however, the debt accounts for 92.6 per cent of regional GDP, slightly lower than the 94 per cent registered in 1991. Debt servicing represents 23.7 per cent of goods and services exports. This was partly due to the fall in the quantum of debt service by about US$1.0 billion. North African countries have been recording, for three successive years, a decline in their debt service ratios, from 31.6 per cent in 1990 to 29.1 per cent in 1992. In sub-Saharan Africa, debt servicing is estimated at US$ 10.1 billion in 1992, a level equivalent roughly to that of 1991. The debt service ratio declined by about 2 percentage points to 18.3 per cent of the export of goods and services in 1992.

110. The first impression from these trends is that of some easing of the pressure exerted by debt servicing on the export earnings of the region. Debt service, at US$26.1 billion in 1992, has declined by 5.4 per cent relative to its 1990 level. This seemingly encouraging trend, which is the result of the rescheduling exercises, should not, however, give the impression that African debt problems are already resolved or that the level of debt service has ceased to constrain import capacity or hamper growth. On the contrary, the accumulations of arrears, a good indicator of the inability of countries to honour their debt commitments, continues unabated, preventing African countries from creating the necessary environment for the attraction of foreign investment, particularly from private sources. A country like Algeria devoted no less than US$5.4 billion or 78 per cent of its export earnings in 1992 to servicing debt.

111. The region's debt structure is characterized by the predominance of medium- and long-term debt, whose share has been fluctuating around 86 per cent of total debt since 1987. The outstanding medium- and long-term debt could be as much as US$ 242.4 billion in 1992, which would mean a decrease of US$ 900 million compared to 1991. Short-term credit (including IMF loans) which constitute 14 per cent of the total, increased by 4.5 per cent, from US$ 37.7 billion to US$39.4 billion. The growth of short-term debt is explained in part by the accumulation of interest arrears (US$6.6 billion in 1987 and US$ 12.2 billion in 1991) on long- and medium-term debt, which in recent years, has been growing at an increasing rate. It is noteworthy that interest arrears owed by sub-Saharan African countries accounted for 58 per cent of total arrears in 1991.

112. The approach to the issue of Africa's external debt and the relief measures proposed have not varied in substance from the options approved in Toronto. The appeal by the United Nations to the lending community in the United Nations New Agenda for African Development in the 1990s (UN-NADAF) shows, however, how urgent it has become to take measures to relieve the debt burden of Africa. The UN-NADAF demonstrates the international community's recognition of the need to remove the obstacles created by the debt overhang to Africa's recovery and development. Additionally, it puts

Fig.10. Developing Africa

Net transfers and debt arrears

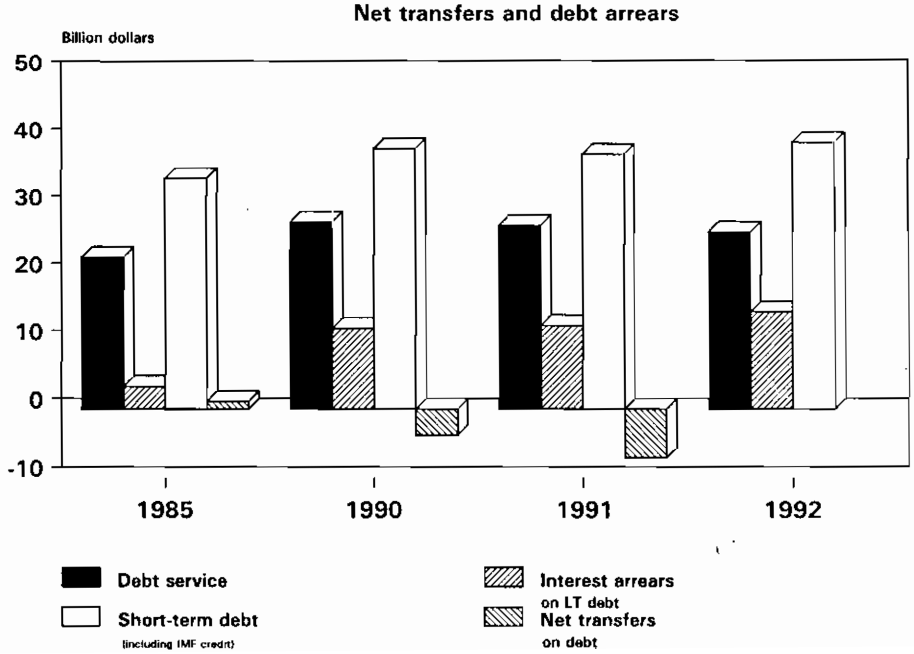
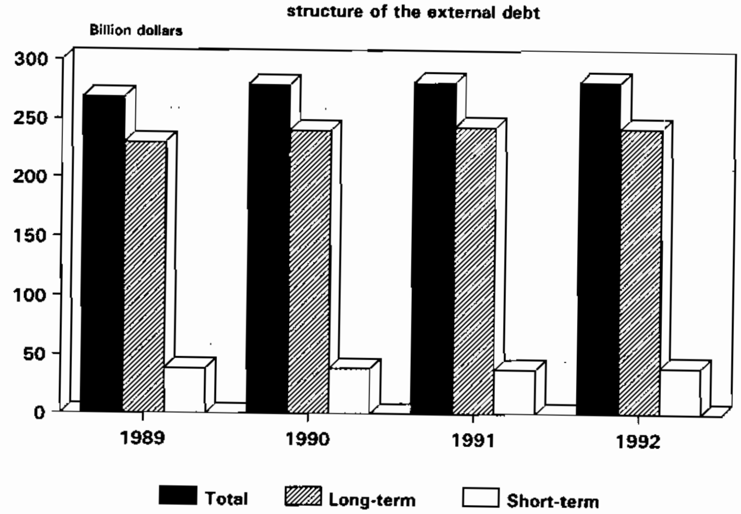


Fig. 11. Developing Africa
structure of the external debt



particular emphasis on the need for lending institutions to accept the idea of a radical solution to the debt issue in the context of negotiations at an international conference. However, hopes that this appeal would be heeded were obviously not fulfilled in 1992, and the behaviour of the most influential creditors, particularly the USA and Japan, suggests that major obstacles remain as yet on the lenders' side. Despite the sympathy of the EC countries for the Trinidad Plan, which among its menu of options provides for the cancellation of two-thirds of the total eligible debt, opposition of the USA and Japan[9] has so far blocked negotiations. The adoption of the Plan by only some members of the Paris Club would have repercussions for the debt of countries not involved in this relief exercise.

113. In October 1992, France took measures to provide relief for official public debt, but only for those middle-income African countries belonging to the franc zone. The fund for the conversion of loans into development grants[10], whose establishment was announced on 6 October 1992 in Libreville, Gabon, is endowed with a capital of 4 billion French franc to be recycled into development projects submitted by the four eligible countries of Cameroon, the Congo, Côte d'Ivoire and Gabon. The approval of a project by the Fund's Management Board results in the reduction, by an equal amount of the debt owing to the French Treasury. The establishment of this fund is a commendable effort to help countries under particularly severe financial strains. Yet, the number of countries benefiting is limited and the project approval procedures seem to be cumbersome. What is more, the issue of commitments to private sources has not been addressed. The example of Gabon, a severely indebted middle-income country, is quite instructive: the scheduled debt service for 1993 would account for more than half of its export revenues.

114. Among the rescheduling agreements concluded in the course of the year, some of the most significant are the cancellation of part of the long-term public debt of Zambia (about US$1 billion) and Ethiopia (US$200 million). On the other hand, the World Debt Tables indicate that US$ 12.9 billion have been renegotiated during 1992: the Paris Club, US$4.2 billion and the London Club, US$8.7 billion, with about 11 countries involved compared with seven in 1991. Within this context, Nigeria secured from its commercial creditors the review of terms for paying back US$7 billion, while Algeria concluded a refinancing agreement worth US$2 billion with a banking consortium.

C. Resource flows

115. Recent data from various sources on aggregate resource flows to the developing countries as a whole indicate a degree of consolidation of the favourable trends observable since the late 1980s. According to

9 The English United Nations Conference on Trade and Development held at Cartagena in February 1992.

10 Marchés Tropicaux No. 2449 dated 16/10/1992, p. 2723.

Table XIII
Total net resources flows to developing countries, 1985-1991

	1985	1986	1987	1988	1989	1990	1991
Official Development Finance	48.6	56.4	61.6	65.4	63.7	80.1	79.0
Total export credit	4.6	-0.7	-1.6	-2.5	9.4	4.5	3.1
Private flows	30.2	26.5	33.7	43.9	48.6	52.6	55.4
Total net resources flows	83.4	82.2	93.7	106.8	121.7	137.2	137.5
(At 1990 prices and exchange rates)							
Total net resources flows	139.4	111.4	110.8	118	135.6	137.2	133.0
Total Official Development Finance	81.2	76.5	72.8	72.2	71.0	80.1	76.4

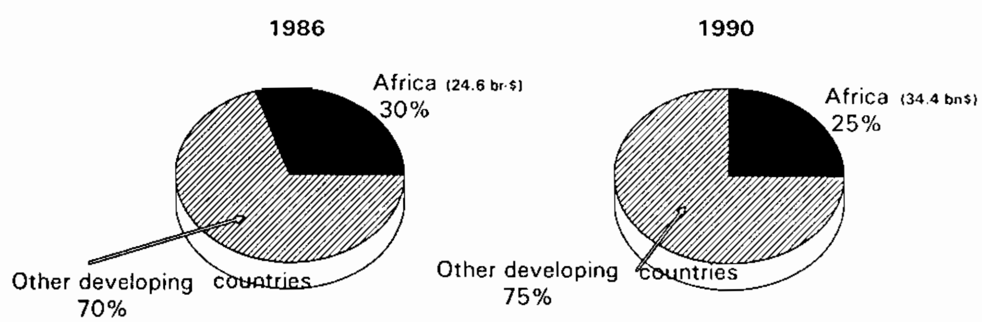
Source: OECD, Financing and External Debt of Developing cpountries,1991 Survey

OECD estimates, global flows stagnated in 1991 after five successive years of growth. In current dollars, the volume of these flows rose from US$137.2 billion in 1990 to US$ 137.5 billion in 1991, a 0.2 per cent growth rate that contrasts with the 12.7 per cent growth rate recorded in 1990. On the basis of World Bank estimates for 1992, which relate only to net long-term flows (the most important element of the global flows), there was an increase of 16.6 per cent in nominal terms, reflecting the massive support given to the countries of the former Soviet bloc. Official development assistance (ODA), which is one of the most significant components of such long term flows and which accounted for 60 per cent of their total in 1990, has increased at a rate substantially less than for other forms of resource flows, especially export credit and private investment, which lost about 14 percentage points between 1990 and 1992. Direct investment, though proportionately lower than other forms of long term flows, increased spectacularly between 1985 and 1992, rising from US$ 11 billion to US$ 38.3 billion.

116. In spite of the growing demand by the Eastern European countries for resource flows, developing regions as a group recorded a good upturn in the inflow of external resources, mainly through various kinds of private resource flows. However, as shown in figure 12, the share of net flows to Africa has gradually diminished since 1985. With net global flows estimated at US$ 137.2 billion in 1990, Africa absorbed only 25 per cent, compared to the 30 per cent in 1986.

117. The situation is more critical in sub-Saharan Africa with the largest number of low income countries highly dependent on ODA. At 1990 prices and exchange rates, resource flows have declined steadily since 1989, from US$ 26.2 billion in that year to US$ 23.8 billion in 1991. It

Fig.12.Distribution of net resource flows between Total Africa and the other developing countries in 1986 and 1990



Source: OECD, Financing and External debt of developing countries, 1991 Survey

Table XIV
Net resources flows to Total Africa, 1985-1990

	1985	1986	1987	1988	1989	1990
Official Development Finance	16.5	19.3	22.1	25.4	23.9	31.5
1. Official development assistance	14.2	16.2	18.4	20.1	21.0	28.8
.bilateral disbursements	10.6	11.9	13.6	14.8	15.1	22.2
.multilateral disbursements	3.6	4.3	4.8	5.3	5.9	6.6
2 .Other Official Developement Finance	2.3	3.1	3.7	5.3	2.9	2.7
.bilateral disbursements	0.8	1.7	2.3	4.4	1.3	0.8
.multilateral disbursements	1.5	1.4	1.4	0.9	1.6	1.9
Memo ODF: . total bilateral	11.4	13.6	15.9	19.2	16.4	23
. total multilateral	5.1	5.7	6.2	6.2	7.5	8.5
Exports credits	2.3	..	0.6	-2.1	4.1	1.0
Private flows	2.8	5.3	3.7	5.8	3.4	1.9
1. Direct investment (OECD)	0.5	0.8	0.7	1.2	2.8	1.0
2. International bank lending	0.8	3.3	1.5	2.3	-1.1	-0.8
3. bond lending	0.4	-	-0.1	0.3	0.1	..
4. other private	0.1	0.1	0.2	0.6	0.2	..
5. Grants by non-governmental organizations	1.0	1.1	1.4	1.4	1.4	1.7
Total net resources flows	21.6	24.6	26.4	29.1	31.4	34.4

Source: OECD, Financing and external debt of developing countries, 1991 Survey.

is unlikely that the situation has significantly changed since 1991, given the mounting pressure on global aid resources by the former socialist countries of Eastern Europe. For 1992, the World Bank estimates net long-term financial flows to sub-Saharan Africa at US$ 17.8 billion which, when compared to 1991, reflects a contraction of US$ 100 million.

118. The bulk of the external development finance in Africa continues to be provided mainly by bilateral public institutions, which, in 1990 accounted for US$ 16.2 billion or 73 per cent of such flows. The paucity of multilateral lending and financial assistance is explained by the stringent eligibility criteria which many African countries are unable to fully satisfy. Budgetary problems in donor countries are increasingly constraining aid programmes and external development finance for Africa, even though the estimate in the UN-NADAF is that, beginning from 1992, a minimum of US$ 30 billion will have to be mobilized every year in favour of Africa, and that this will have to be increased at an annual growth rate of 4 per cent in real terms.

119. In 1992, the transfers of resources from Africa became more marked, exacerbated by the political uncertainties associated with the process of democratic transition. In addition to the mismatch between resource inflows and debt service payments, the unsettled political climate and economic environment in some countries seemed to have given impetus to increased capital flight.

IV. THE SOCIAL SITUATION

120. In 1992, the social situation in Africa continued to be characterized by a deterioration in its parameters; increasing urbanization and population dislocation; and, the erosion of living standards and social welfare associated with civil strife, environmental degradation, growing open and disguised unemployment, declining real per capita incomes and the collapse, in many parts of the region, of already inadequate and overburdened social and economic infrastructure. The economic difficulties facing the continent and the continued application of conventional SAPs have impacted negatively on efforts to meet basic social needs and improve the human condition in Africa. As government budgets are squeezed, public spending on social services such as education and health continue to suffer in real terms.

121. In the educational sector, for example, the spectre of school closures and completely run-down or devastated educational infrastructure loomed large in 1991-1992, with the result that school enrolment and attendance ratios decelerated in many countries while attrition, repetition and drop-out rates in schools increased, especially at the primary and secondary schools levels. A precipitous decline in educational standards and in the quality of education at all levels has been all too obvious in Africa with the advent of the continent's severe economic crisis in the 1980s and the social consequences of SAPs. The educational systems of most African countries have increasingly had to cope with the phenomena of declining teacher/student ratios and poorly qualified teachers; poor conditions of service for teachers; inadequate and poorly equipped classrooms and laboratories; and, insufficiency or lack of textbooks and other teaching aids. But there has been an entirely new dimension since 1991 towards shut-downs of educational institutions for prolonged and unspecified periods for reasons of civil unrest. No fewer than 16 African countries - Cameroon, Chad, Côte d'Ivoire, Ethiopia, Gabon, Ghana, Guinea, Kenya, Malawi, Mauritania, Nigeria, Sierra Leone, Uganda, the United Republic of Tanzania, Zambia and Zimbabwe - have been afflicted at one time or the other in the last eighteen months. The result of such frequent or prolonged closures is a waste of badly needed resources and a serious set-back to human resources development on the continent.

122. In the health sector, endemic diseases, such as cholera, tuberculosis, sleeping sickness, meningitis and malaria have been on the increase and even reappeared in zones that had become epidemic-free. The average life expectancy in Africa remains as low as 55.5, and, in spite of a falling death rate, Africa is still the only region of the world where the absolute numbers of all deaths and deaths of children under five years of age are projected to continue to increase into the next century. At the same time, the HIV-AIDS pandemic continued to aggravate the health crisis in Africa, putting enormous pressure on the extremely limited and rapidly deteriorating health infrastructure, and taxing beyond limits the extended family system and the fragmented and fragile social security available in the afflicted communities. Attempts to contain this scourge in Africa through behaviour modification campaigns have apparently made little impact so far, and the fear is that, with present trends, close to an estimated 20 million Africans could be infected with the HIV by the year 2000, and a million people - mainly adults in their prime years - could be dying annually from AIDS.

123. Public sector retrenchments, which began in the 1980s as a result of the SAPs, have persisted into the 1990s. In 1992 alone, several African countries, e.g. Ethiopia, Kenya, Sierra Leone, Uganda, the United Republic of Tanzania, Rwanda and Burundi, have embarked on public sector retrenchment programmes and containment of public expenditure. According to ILO/JASPA African Employment Report, 1992, the target public sector retrenchment rates, which used to be in the neighbourhood of 10 per cent to 20 per cent of total public sector employment, are now in the range of between 20 per cent to 30 per cent, and the estimate is that over a million public sector workers and employees would have been retrenched in the African region as a whole over the 1991-1995 period. The adverse socio-economic consequences of such retrenchments in terms of increased unemployment, family disruptions and the relative poverty of the average worker and his dependants can be tremendous,

especially in the face of poor and ineffectual redeployment programmes, absence of unemployment benefits and inability of most retrenched workers to make the transition into alternative employment in the private sector.

124. The severe and devastating drought in 1992 in most of Southern and Eastern Africa has also been particularly significant in its social impact and consequences. As a result of the drought, which is easily the worst in this century, 18 million people across 11 countries were estimated to be at risk, requiring not only about 2 million metric tons of emergency food aid but also other critical supplies and needs, such as water. In Kenya alone, almost 961,000 people faced famine which may well continue into 1993.

125. In 1992, in particular, the African social scene was mired additionally in crisis as a result of protracted civil wars, internal strife and political instability, which claimed lives and provoked massive population displacement, refugee movements and famine. So serious is the situation that Africa is currently estimated to be holding approximately 50 per cent of the worlds's refugee population, with a disproportionate number of them in the Horn of Africa. In the case of civil wars and internal strife, incalculable damage and devastation has additionally been inflicted on the meagre infrastructure available in the affected countries. As in previous years, children and women have continued to bear a disproportionate burden if not the main brunt of Africa's political and economic crises and ecological disasters.

126. The situation in Somalia presented the world with one of the worst cases of humanitarian disasters in modern times and recent history, and the first clear-cut case, perhaps, of what has come to be known as a failed State. Factional fighting continued to claim hundreds of lives in 1992 destroying virtually all social and economic infrastructure in the country and bringing to an end all forms of central authority. The combination of drought, violence, chaos and anarchy and mass starvation forced more than one million Somalis to flee to neighbouring countries in search of food, water and security, while inside the country several more millions, many of whom are women and children, were at grave risk. Agricultural production and vital livestock trade remained crippled while the health and educational sectors were rendered incapable of providing even the most rudimentary of services. An entire generation of Somali children is growing up without access to any form of education. The disruptive effects of the conflict on all forms of economic activity and humanitarian relief and emergency assistance were catastrophic enough to require an international rescue programme of 'Operation Restore Hope' led by American forces towards the end of 1992.

127. Elsewhere in Africa, especially in Liberia, Angola, Mozambique, Rwanda, southern Sudan and Sierra Leone, there was a resurgence or new outbreaks of fighting and military conflicts in 1992, although a cease-fire to the civil war in Mozambique seemed to be holding firmly towards the end of the year. One of the immeasurable consequences of these conflicts is the large-scale population dislocation, in terms of refugees and internally displaced persons, and urban destitutes, including orphaned and abandoned children. In southern Sudan alone, it is estimated that between 2 and 3 million people caught in the civil war and in the cross fires between rival rebel factions since late 1991 are currently subject to the threat of hunger, famine and disease. Even the immediate aftermath of cessation of civil wars and conflicts and the return of peace can in itself present peculiar problems and challenges, in particular the burden of coping floods of returnees and demobilized soldiers, as a country like Ethiopia has recently discovered. In addition to having to receive refugees from Somalia and the Sudan, Ethiopia has laboured in the last year and a half under the yoke of an inflow of over 365,000 returnees who have poured into the most remote areas of the country with little or no immediate means of livelihood and existence, and the resettlement needs of 1.1 million internally displaced persons and 840,000 former soldiers and their dependants.

128. In addition to bringing to an end the civil wars and armed conflicts on the continent, the other key element for ensuring greater popular participation in social and economic development and public accountability is the transition towards pluralism and more democratic forms of governance. The latter process, which has been ongoing since 1990, gathered further momentum in over a dozen African countries in 1992, especially, the Congo, Ghana, Kenya, Lesotho, Mali, Mauritania and Nigeria. However, judging by the political tensions and sporadic violence that have accompanied the democratization process in countries such as Algeria, Togo and Zaire, it is by

Box 4

First Call for Children: The Tragedy of African Children and their Urgent Needs for Survival, Protection and Development

The grave and deteriorating situation of African children is of great concern. These children are one of the most disadvantaged in the world in terms of immunization against childhood diseases, infant and child mortality, and nutritional, health and educational status. An increasing number are orphaned or incapacitated by AIDs. Many are caught in drought-emergencies and conflict areas in Africa, and have become refugees or displaced persons or the first to succumb to severe malnutrition or death. The following excerpts from the Dakar Consensus illustrate this plight and provide some indications of the concern and the policy actions envisaged:

"... Thirty million African people suffer, mainly women and children, who are victims of national disasters, war and civil strife. At least 20 million countries to suffer as refugees and displaced persons. Over four and a half million children still die each year, largely from preventable causes. Millions more are denied adequate nutrition, rudimentary health services, clean water, proper sanitation and basic education..."

Moreover, many children are...abused, exploited disabled, orphaned, neglected, or in prison... Some are victims of AIDS.

The relatively low status, lack of education and limited decision making capacity of women in Africa diminish their opportunity to achieve adequate levels of health, nutrition, income and overall development. These disadvantages have serious consequences for the overall well being of Africa's children.

... Over 40 African countries have now prepared National Programmes of Action (NPAs) for African Children... largely directed towards achievement of specific and measurable human goals... which cover priority needs in health, nutrition, education, water and environmental sanitation, and children in especially difficult circumstances.

... The health goals emphasize this need to reduce infant and child mortality rates by a third and to reduce by half the maternal mortality rates between the years 1990 and 2000... Education strategies in the NPAs are directed towards the provision of education for all and the reduction of illiteracy by half, with special emphasis on the needs of girls, women and other categories such as abandoned children,...

continued improvement in quality of education, focusing on the girl child, expanded access to primary schools, and improved teacher training, supervision and conditions of service.

...Priority actions for children in difficult circumstances include the reduction of violence and aggression, improved greater community support, development of innovative mechanisms, increased public awareness, as well as peace education, a clarification and strengthening of the legal framework for child rights and equal opportunities without discrimination between boys and girls, and elimination of child labour...safe passage by children and women away from zones of conflict... guarantee of safe and free passage of humanitarian relief and to innocent victims, especially to women and children, in particular for the establishment of "days of tranquility" for the rapid delivery of humanitarian assistance.

African countries have committed themselves to the implementation of their NPAs and, in doing so, have recognized and addressed human development issues as central to national development plans and programmes. In order to make the implementation of NPAs, broad-ranging and effective, it will be necessary to involve a wide spectrum of government agencies. national NGOs, civil organizations, women and children's organizations, professional and religious associations and many segments of the private sector. Countries will need to establish a national machinery for overseeing this process, including ensuring adequate planning, implementation, monitoring and evaluation of action to achieve the NPA objectives."

now clear that the process of political transition may not always proceed in conditions of relative peace.

129. There were several initiatives in 1992 with particular relevance to Africa's social development issues and its policy challenges in the 1990s. The United Nations Secretary-General's Agenda for Peace, underscored the synergistic relationship between peace and development, and the four areas of action - preventive diplomacy, peace-making, peace-keeping and peace-building - that would be needed to

ensure sustainable development is not vitiated by political instability, military conflicts and civil strife. Extending the concern to Africa, the Agenda would logically call for devising endogenously new institutions and measures and/or to strengthen existing ones with the capacity to mediate and manage inter-state disputes and internal conflicts without leaving them to fester and grow out of hand, and to ensure respect for democratic principles at all levels of the continent's social existence.

130. The issue of the linkage between the environment and development was the subject of the United Nations Conference on Environment and Development- the Earth Summit - in June 1992 in Rio de Janeiro, which adopted Agenda 21. In the light of the environmental constraints and instability facing Africa -- deforestation, soil erosion, desertification, unsafe drinking water, polluted air, inadequate housing and lack of proper sanitation and waste disposal for most human settlements, and industrial and automobile pollution -- there will be three key factors to the implementation of Agenda 21 by African countries. First is the development of national capacities to manage programmes of development and the environment as envisaged under the Agenda. Second are the substantial financial and technological resources needed to implement the programmes essential to reorienting Africa's predominant modes of production along environmentally sustainable lines. Third is the stability of the international economic system.

131. The other significant international event during the year that have implications for social policy and development relates to the OAU International Conference on Assistance to African Children, held in Dakar, Senegal, from 25 to 27 November 1992, and the Third African Population Conference, also held in Dakar, Senegal, from 11-12 December 1992. In the Consensus of Dakar, issued at the end of the OAU Conference, the African countries committed themselves to priority actions to meet the basic needs of children and women; the incorporation of national programmes of action into their development programmes as well their bilateral and multilateral consultative processes with their development partners; and, the set of intermediate targets to be attained by the end of 1995. Africa's donor partners and the international financial institutions, on their part, committed themselves to make every effort to expand official development assistance (ODA) and to promote debt cancellation or relief for African countries, especially in support of African actions directed at child survival, protection and development, in line with the goals of the World Summit for Children (See Box for excerpts from the Dakar Consensus).

132. On the other hand, the Dakar Declaration on Population, Family and Sustainable Development, which was adopted by the Third African Population Conference, has outlined in detail the responsibilities of the African Governments and the set of actions that needed to be undertaken by them in respect of population policies and programmes; the African family; AIDS; urbanization, migration and physical planning; refugees and displaced persons, women in development; and, youth. It also outlined the role that private and non-governmental organizations (NGOs), subregional and regional groupings in Africa, the multilateral institutions and the international community at large will have to play in supporting the efforts of the African Governments.

V. A PRELIMINARY FORECAST FOR 1993

133. The prospects for the African economy in 1993 would depend to a large extent on the strength of the recovery in the OECD countries, which are Africa's main trading partners and sources of capital flows; the weather pattern and the performance of agriculture; the establishment of enduring peace, security and stability through the ending of civil wars and political conflicts and violence; the pursuit of balanced economic reforms, with adequate attention to minimise their social costs; and, the degree of solidarity with which Africa's partners-in-development respond with financial resources in support of the UN-NADAF. Particular account must be taken of the continuing downward pressure on Africa's commodity prices, the debt overhang, and the inadequate levels of resource flows. Africa's external debt had grown inexorably during the 1980s to the point where it is now close to the total of the regional GDP, and almost two and a half times the value of exports. A robust recovery in African economic performance will therefore not be possible, even in 1993, without a substantial reduction in the stock of external debt and in debt service obligations, and without a substantial increase in net financial flows.

134. According to latest available information, the world economy is set to recover somewhat in 1993, with real world output growing by some 2.3 per cent compared to 0.8 per cent only in 1992[12]. Recovery in the industrial economies is however expected to remain feeble, with output growing by only 2.0 per cent compared to 1.4 per cent in 1992. Indeed, more recent forecasts, especially for the members of the OECD, provide for a downward revision of real GDP growth. It is only the USA economy, which has up to now shown discernible signs of recovery, that is expected to grow in 1993 by over 3 per cent. The consequences of such a scenario for world trade are evident. World trade volume growth may be no more than 5 per cent in 1993 even if the expected stronger import demand from the developing countries were to outweigh the weaker demand from the industrial countries. For the developing African countries, who for the most are tied mainly to the industrial countries in their trade, the weaker demand from the latter would inevitably translate into continued weak export growth and depressed commodity prices in 1993.

Table XV
World Economic Prospects
(percentage changes)

	1990	1991	1992	1993
World Output	2.1	0.1	0.8	2.3
. Industrial countries	2.3	0.5	1.4	2.0
United States	0.8	-1.2	2.0	3.0
E.C.	2.8	0.8	1.4	1.0
. Developing countries	3.6	3.2	6.1	5.7
Africa (*)	1.0	1.5	2.0	3.3
Asia	5.5	5.7	6.6	6.4
Middle East	5.4	0.0	9.9	8.6
Western Hemisphere	-0.1	2.8	2.7	2.0
. Former Centrally planned	-3.1	-9.7	-7.2	-5.4
World trade volume	4.1	2.6	4.0	5.6
Commodity prices				
. Oil	28.3	-17.0	0.0	-1.7
. Other	-7.7	-4.5	0.4	2.6

Source: IMF, World Economic Outlook, interim assessment, January 1993
(*) Africa, according to IMF definition,includes South Africa

135. Concerning oil, the latest developments in OPEC would seem to indicate that the assumed downsliding of prices in 1993 may not after all take place. It is of course true that the agreement reached at the February OPEC meeting to cut production by 1.4 million b/d in the second quarter of 1993 is yet to be tested by the market, and that various tensions remain between the producing countries which could only lead to a further fall in prices. However, given the decline of non-OPEC members' production and the rise in world oil demand, it may well be that prices will grow over the US$21

12 See IMF, World Economic Outlook, Interim Assessment, January 1993, op cit; and UNDSD, The World Economy at the End of 1992, Background for an International policy Agenda, New York, 16 December 1992

per barrel mark in 1993. This would necessarily be a mixed blessing for the African region: with oil exporters, like Algeria and Nigeria, which are currently under considerable financial strain, standing to benefit, provided they are able to increase their output significantly; on the other hand, oil importers may well be paying in terms of reduced growth. But it now seems that a more plausible working assumption is that no major changes in prices are likely to take place during 1993, and that oil prices may gain only slightly on their 1992 level.

136. In the non-oil mining sector, output is unlikely to increase appreciably in 1993, and until the situation in a country as Zaire stabilizes. In any case, 1993 is expected to remain a difficult year for base metals on the world market, and it is only in the fourth quarter of the year and, more probably, during 1994 that world demand and prices are expected to stage any strong recovery.

137. The prospects for other African commodity exports are not generally good in 1993. The moribund coffee and cocoa agreements show no imminent signs of being renewed, and, if anything, the price declines that have been observed in the first quarter of the year are likely to persist for the rest of the year. However, the trends for cotton prices have exceptionally been more positive.

138. Internally within the region, the severe 1992 drought in Eastern and Southern Africa is now practically over, with the return of rains across that subregion, although some of the adverse consequences of the drought still loom large. Full recovery will however take some time, but, when it does, the effect is likely to be a significant rebound of the Eastern and Southern African economies. In other parts of the continent, even with the best of weather conditions in 1993, there may be no radical improvements in existing structural food deficits unless there is a speedy end to the problems of civil strife which not only disrupt agricultural production in the theatres of war but also inhibit relief and humanitarian efforts, and the internal distribution of food from surplus to deficit areas.

139. There is considerable uncertainty on the possible evolution of the political conflicts in the region. The renewed war in Angola is doing considerable damage to the economy of that country, and hopes for reconstruction have suffered a serious setback. Unless a rapid settlement is found in Angola, the losses to the economy from the prolonged conflict and instability will be incalculable. In Mozambique, the end of hostilities and the return of good rains have allowed the rural population to go back to work, so much so that a bumper crop is now expected in a country that has been ravaged by war and famine for more than a decade. In other areas, the return of normal economic conditions is dependent on the resolution of current power struggles: such is the situation in Zaire, Togo, and of course Somalia and Liberia. Furthermore the internal tensions and strife in Algeria and Egypt will undoubtedly adversely affect the economy of these countries, were they to persist for the rest of 1993. Still, in the case of Somalia, it is to be hoped that the recent agreement to establish a National Transitional Council as the highest civil and political authority in the country will bring peace and pave the way for the urgent reconstruction of physical, social and political infrastructure.

140. There is every likelihood that macro-economic policy in 1993 will, except in a few countries, be conducted along the lines of existing overall frameworks of fiscal and monetary restraint, and that not much stimulus to economic growth could be expected from the government budgets. Domestic investment could marginally improve, if at all, but the problems of programme funding and of new conditionalities on the part of donor countries and the multilateral financial institutions will remain. Likewise, a "demand stimulus" is not expected in 1993, with government consumption growing only modestly while private consumption remains fairly dampened. Perhaps the only positive macro-economic trend that is likely to feature prominently in 1993 will be the moderation of inflation, if recent budgetary profiles in most African countries are anything to go by. In the case of Nigeria, for example, public expenditures are projected to be cut by one half in fiscal year 1993 while the budget deficit is expected to be brought down from the N43.8 billion or 9.8 per cent of GDP in 1992 to N28.6 billion or 5.6 per cent of GDP in 1993. The 1993 Ghana budget provides for the freezing of all wages and public sector hiring, while petrol prices have been increased at the same time as a countervailing policy to the inflationary pressures induced by the large salary concessions granted under the 1992 budget. Job cuts in the public sector of Côte d'Ivoire, involving 4,700 civil servants, are planned for 1993.

141. External resource flows are not expected to show any major improvements in 1993. The amount of external resources available to the

region are likely to remain at approximately the same level as in 1992, and African countries grapple with the difficult and almost impossible tasks of raising larger volumes of domestic resources in conditions of already over-stretched fiscal capacity and capability.

142. On the basis of the above considerations, the forecast is for a recovery in the economy of the region and an improvement in the overall situation in 1993, even if a number of countries remain mired in crisis. Based on the forecasts for the major output sectors, the real GDP for the region is expected to grow by 3.3 per cent, slightly above the average population growth rate. Oil exporting countries are expected to record a 3.5 per cent gain in output while real output in the non-oil exporting countries is likely to increase by about 2.8 per cent.

Table XVI
African Prospects
(percentage changes, 1980 prices)

	1990	1991	1992	1993
Output	3.0	2.3	1.5	3.3
. agriculture	1.0	3.8	-0.5	3.9
. mining	7.6	4.7	1.5	2.9
. manufacturing	2.4	-0.3	2.0	2.9
Domestic demand	0.2	2.9	0.6	1.5
Exports of goods and services	10.8	2.5	2.3	7.9
Imports of goods and services	3.6	4.9	-0.3	4.1

Source: ECA Secretariat

143. The forecasts for the major output sectors indicate that agriculture, after the set-back of 1992, will grow by 3.9 per cent in value added terms in 1993. This upturn does not in fact reflect a real strengthening of the agricultural sector, rather it is an indication of a rebound of output after the disastrous 1992 season in North and Southern Africa. Except for the normally good agricultural performing countries, such as Mauritius, Namibia, the Sudan and Uganda, a strong upswing is expected to obtain in the countries affected by drought in 1992. In Eastern and Southern Africa, agricultural output is expected to bounce back in Lesotho, Mozambique, the United Republic of Tanzania and Zimbabwe. In North Africa, agricultural output may rise by over 5 per cent, due to improved weather signals in early 1993. Early indications are for a good crop year in a number of the countries of the subregion, particularly in Algeria and Morocco. West Africa may continue to sustain its growth rate of agricultural output of about 3 per cent in 1992, while the 1993 season may be disappointing for Central Africa. In the mining sector, value added is forecast to grow by 2.9 per cent, but this could however prove to be on the high side, given the recent cutbacks of oil production decided by OPEC and the prospects for further cuts in the course of the year which, if they were to materialize would further constrain the African oil production in 1993. Manufacturing output should be able to grow at a faster rate in 1993 than in 1992, say at around 3.0 per cent.

144. As for subregional prospects and economic performance in 1993, growth should strengthen to 3.7 per cent in North Africa compared to 2.1 per cent in 1992, and a similar situation is expected to obtain in sub-Saharan African countries with output growing by 2.9 per cent, after 1.4 per cent only in 1992. However, Central Africa will still be in recession, with a forecast output drop of 0.4 per cent, due to the continued contraction in Zaire and an expected weak performance in Cameroon, Gabon and the Congo. In fact, Cameroon's economy is expected to continue to face difficulties in 1993, thereby causing a drop of nearly 1 per cent of GDP.

145. It is in West Africa that the best results are expected, with a forecast of 4.8 per cent growth in output, reinforcing the strong showing of the subregion in 1992. Nigeria's economy should grow faster in 1993 than in 1992, with expected good results also in Ghana, the Gambia, Benin, Senegal and Burkina Faso. In Côte d'Ivoire, the real decline of output is forecast to come to an end, with real GDP growing for the first time since 1986 at a rate of 0.9 per cent.

146. In East and Southern Africa, the returns of the rains in southern Africa and the recovery in other parts of the subregion should be translated into a growth rate of 1.3 per cent after the 2.2 per cent output loss of 1993. Ethiopia's economy is forecast to start growing again, but in Kenya the economy will remain weak with expected growth of 2.6 per cent only. In southern Africa itself, output is not expected to significantly recover in 1993, because of the expected contraction of Angola's economy in the face of continued war. But in Zambia, Zimbabwe, Malawi and Mozambique a strong recovery is under way.

147. But even the moderate average results that are expected in the region in 1993 will require a

significant rise in imports, if they are to materialize. The forecast indeed is that there will be a rise in the volume of imports of goods and services into the region by 4.1 per cent in 1993, compared to the fall of 0.3 per cent in 1992. At the same time, exports should grow, by an even larger proportion, estimated at around 8 per cent. This of course may not be realised, given the recent pessimism about the trends in external demand.

148. As in previous Economic Reports on Africa and Surveys of Social and Economic Conditions in Africa, we need however to caution about possible revisions of the forecasts presented here. As already indicated, these forecasts are tentative and may turn out to be optimistic in some significant aspects. However, given this caveat, the main thrust of the above analysis is that some improvements in the African economy as a whole will obtain in 1993.

Statistical Annexes

Table 2
Gross Domestic Product (1980 prices)

Sub-region/Country	Gross Domestic Product Million dollars (at 1980 prices)				Growth rate		
	1980	1985	1991	1992	1980-92	1985-92	1992
North Africa	**134464**	**155228**	**176656**	**180325**	**2.5**	**2.2**	**2.1**
Algeria	42347	52665	53672	54158	2.1	0.4	0.9
Egypt	20971	32352	39902	41354	5.8	3.6	3.6
Libya	35717	29767	31844	32466	-0.8	1.2	2.0
Morocco	18819	22128	28819	28008	3.4	3.4	-2.8
Sudan	7944	8180	9125	10077	2.0	3.0	10.4
Tunisia	8666	10136	13294	14263	4.2	5.0	7.3
West Africa	**122335**	**112744**	**134444**	**138918**	**1.1**	**3.0**	**3.3**
Benin	1358	1644	1848	1906	2.9	2.1	3.1
Burkina Faso	1403	1752	2535	2631	5.4	6.0	3.8
Cape Verde	73	86	93	94	2.1	1.3	0.6
Cote d'Ivoire	10175	10358	9933	9877	-0.2	-0.7	-0.6
Gambia	240	224	309	328	2.6	5.6	6.1
Ghana	4232	4196	5511	5719	2.5	4.5	3.8
Guinea	1686	1901	2383	2456	3.2	3.7	3.0
Guinea Bissau	159	176	227	231	3.2	4.0	1.8
Liberia	1114	1061	826	826	-2.5	-3.5	0.0
Mali	1734	1791	2509	2709	3.8	6.1	8.0
Mauritania	709	732	818	836	1.4	1.9	2.2
Niger	2538	2237	2613	2550	0.0	1.9	-2.4
Nigeria	91000	80400	97500	101300	0.9	3.4	3.9
Senegal	3685	4141	5010	5152	2.8	3.2	2.8
Sierra Leone	1101	1066	1191	1119	0.1	0.7	-6.0
Togo	1128	979	1138	1184	0.4	2.8	4.0
Central Africa	**30833**	**38055**	**40119**	**39640**	**2.1**	**0.6**	**-1.2**
Burundi	920	1204	1590	1654	5.0	4.6	4.0
Cameroon	6652	10395	10310	10275	3.7	-0.2	-0.3
Central African Republic	891	994	1099	1131	2.0	1.9	2.9
Chad	725	994	1317	1357	5.4	4.5	3.0
Congo	1708	2802	3142	3287	5.6	2.3	4.6
Equatorial Guinea	53	56	57	56	0.5	0.0	-1.8
Gabon	4281	4550	5605	5651	2.3	3.1	0.8
Rwanda	1162	1326	1418	1470	2.0	1.5	3.7
Sao Tome & Principe	48	41	49	49	0.2	2.6	1.2
Zaire	14393	15693	15532	14711	0.2	-0.9	-5.3
East & Southern Africa	**49081**	**52691**	**65655**	**64178**	**2.3**	**2.9**	**-2.2**
Angola	6068	6015	7715	8063	2.4	4.3	4.5
Botswana	993	1661	2878	2826	9.1	7.9	-1.8
Comoros	120	144	151	151	1.9	0.7	-0.2
Djibouti	340	340	477	477	2.9	5.0	0.0
Ethiopia	4106	4056	4844	4359	0.5	1.0	-10.0
Kenya	7096	8237	10843	11062	3.8	4.3	2.0
Lesotho	368	395	534	550	3.4	4.8	3.1
Madagascar	3242	3111	3393	3376	0.3	1.2	-0.5
Malawi	1245	1523	1843	1587	2.0	0.6	-13.9
Mauritius	1132	1404	2062	2196	5.7	6.6	6.5
Mozambique	2414	1894	2200	2035	-1.4	1.0	-7.5
Namibia	2044	1895	2361	2336	1.1	3.0	-1.1
Seychelles	145	148	181	187	2.1	3.4	3.5
Somalia	2391	2742	2707	2370	-0.1	-2.1	-12.4
Swaziland	543	605	792	815	3.4	4.3	2.8
Tanzania	5136	5168	7247	7189	2.8	4.8	-0.8
Uganda	2459	2739	3603	3750	3.6	4.6	4.1
Zambia	3886	4023	3951	3765	-0.3	-0.9	-4.7
Zimbabwe	5354	6590	7872	7085	2.4	1.0	-10.0
Developing Africa	**336714**	**358717**	**416873**	**423062**	**1.9**	**2.4**	**1.5**

Source: ECA Secretariat

Table 3
Agricultural Indicators

	Arable land Ha per head	Agriculture in Million $ at 1980 prices	Food production per head Index (1979-81=100)		Production of cereals (Kg per head)	Cereals imports (Kg per head)
	1990	1992	1985	1992	1991	1991
North Africa	**0.28**	**20268**	**101.5**	**101.3**	**233.2**	**138.1**
Algeria	0.30	4241	114.3	124.2	145.1	217.8
Egypt	0.05	5878	105.4	117.5	264.0	148.9
Libya	0.47	1025	95.4	96.3	65.6	453.9
Morocco	0.37	4318	111.4	101.6	335.0	78.1
Sudan	0.51	2878	92.8	82.9	158.4	47.1
Tunisia	0.57	1929	121.7	115.6	317.0	114.2
West Africa	**0.29**	**38979**	**98.8**	**107.7**	**138.9**	**24.6**
Benin	0.40	780	114.2	117.1	129.4	46.7
Burkina Faso	0.40	1109	111.7	129.0	273.0	19.7
Cape Verde	0.11	23	84.6	105.7	5.5	202.8
Cote d'Ivoire	0.31	3382	99.0	89.3	107.3	53.8
Gambia	0.21	136	100.6	90.1	128.9	115.6
Ghana	0.18	2503	104.9	107.9	95.6	22.9
Guinea	0.13	700	95.7	95.5	199.3	51.5
Guinea Bissau	0.35	112	108.3	104.5	185.7	66.2
Liberia	0.14	259	98.9	63.3	42.3	66.8
Mali	0.23	1491	94.1	91.1	262.1	24.5
Mauritania	0.10	171	86.5	79.1	51.9	168.8
Niger	0.47	1466	67.9	77.3	320.0	18.5
Nigeria	0.30	24910	100.7	125.2	119.9	7.0
Senegal	0.32	1078	109.5	96.4	132.4	107.0
Sierra Leone	0.16	373	94.0	79.4	94.0	44.0
Togo	0.19	487	91.1	97.2	126.9	67.5
Central Africa	**0.31**	**10144**	**93.7**	**83.9**	**54.7**	**15.8**
Burundi	0.20	772	100.7	88.8	62.3	5.6
Cameroon	0.61	2160	95.6	74.9	87.0	46.2
Central African Republic	0.67	485	89.5	93.0	53.2	8.8
Chad	0.58	691	97.8	102.6	146.2	13.1
Congo	0.08	251	97.9	91.3	11.7	43.0
Equatorial Guinea	0.65	18	..	..	..	26.1
Gabon	0.39	365	83.5	81.2	18.1	60.1
Rwanda	0.16	637	98.3	78.0	47.1	2.7
Sao Tome & Principe	0.31	13	75.2	59.9	8.4	67.2
Zaire	0.21	4752	100.5	92.1	36.3	8.1
East & Southern Africa	**0.27**	**17542**	**93.8**	**75.5**	**120.0**	**16.9**
Angola	0.37	1035	88.3	79.2	41.4	33.6
Botswana	1.11	148	78.5	60.8	36.3	79.8
Comoros	0.18	71	87.1	81.9	25.8	83.4
Djibouti	..	14	..	..	..	171.1
Ethiopia	0.28	1907	88.1	81.9	126.5	16.1
Kenya	0.10	2831	100.5	99.8	130.0	14.0
Lesotho	0.18	55	83.9	55.4	80.1	57.1
Madagascar	0.26	1476	96.5	81.6	195.8	9.5
Malawi	0.25	492	84.1	56.2	175.2	12.5
Mauritius	1.95	188	104.4	114.3	1.9	170.2
Mozambique	0.22	861	91.2	61.3	38.5	33.7
Namibia	0.46	352	72.3	65.2	79.2	..
Seychelles	0.08	11	..	..	0.0	214.1
Somalia	0.12	1547	..	..	29.5	22.2
Swaziland	0.27	157	96.9	76.3	211.7	71.1
Tanzania	0.13	2162	94.0	74.2	145.3	5.0
Uganda	0.38	3103	95.4	90.8	86.7	1.5
Zambia	0.65	573	93.5	70.6	150.5	12.8
Zimbabwe	0.28	558	113.6	42.9	207.1	13.2
Developing Africa	**0.28**	**86933**	**97.7**	**92.8**	**144.4**	**47.4**

Source: F. A. O.

Table 4
Production and consumption of selected energy types, 1990

Sub-region/Country	Electricity Production by type (Million kwh) Thermal	Hydro	Total	Commercial energy Consumption/a Kilogramme Per capita	Total ('000 Tons)	Total energy Requirement ('000 Terajoules)
North Africa	**80607**	**10428**	**91035**	**815**	**114506**	**3678**
Algeria	15859	135	15994	1482	36994	1103
Egypt	31450	8100	39550	736	38574	1173
Libya	19000	0	19000	4721	21458	634
Morocco	8408	1220	9628	368	9210	283
Sudan	390	937	1327	64	1621	260
Tunisia	5500	36	5536	813	6649	225
West Africa	**10765**	**9662**	**20427**	**149**	**29032**	**2485**
Benin	5	0	5	48	224	53
Burkina Faso	155	0	155	28	256	90
Cape Verde	36	0	36	108	40	1
Cote d'Ivoire	775	1590	2365	189	2272	166
Gambia	67	0	67	105	90	11
Ghana	53	5235	5288	101	1524	202
Guinea	343	175	518	85	491	49
Guinea Bissau	17	0	17	100	96	7
Liberia	320	245	565	93	239	55
Mali	42	172	214	24	218	58
Mauritania	115	25	140	578	1169	34
Niger	163	0	163	59	459	59
Nigeria	7730	2215	9945	188	20400	1575
Senegal	684	0	684	141	1031	73
Sierra Leone	224	0	224	74	308	38
Togo	36	5	41	53	215	14
Central Africa	**564**	**10101**	**10665**	**103**	**7532**	**900**
Burundi	2	104	106	20	109	45
Cameroon	70	2635	2705	244	2886	193
Central African Republic	18	77	95	35	105	37
Chad	82	0	82	18	104	38
Congo	0	398	398	372	845	46
Equatorial Guinea	16	2	18	153	54	6
Gabon	210	705	915	715	838	50
Rwanda	4	172	176	29	212	61
Sao Tome & Principe	7	8	15	273	33	1
Zaire	155	6000	6155	66	2346	423
East & Southern Africa	**9211**	**18325**	**27536**	**86**	**16684**	**2372**
Angola	480	1360	1840	90	898	81
Botswana	..	..	..	..	..	..
Comoros	14	2	16	60	33	1
Djibouti	175	0	175	435	178	5
Ethiopia	118	722	840	26	1272	440
Kenya	171	2537	2708	111	2665	420
Lesotho	..	..	..	..	..	..
Madagascar	248	318	566	40	481	88
Malawi	14	573	587	24	218	142
Mauritius	685	85	770	494	535	33
Mozambique	435	50	485	31	486	162
Namibia	..	..	..	..	..	..
Seychelles	85	0	85	1145	79	2
Somalia	230	0	230	52	387	81
Swaziland	200	216	416	..	..	..
Tanzania	273	612	885	36	987	347
Uganda	7	596	603	24	452	145
Zambia	40	7731	7771	201	1702	166
Zimbabwe	6036	3523	9559	650	6311	259
Developing Africa	**101147**	**48516**	**149663**	**279**	**167754**	**9435**

Source: UN, Energy Statistics Yearbook, 1990 and UN Secretariat.

.. = Not available

a/ in oil equivalent   b/ 1 Terajoule equals 172 barrels of oil or 24 tons of oil equivalent

Table 5
Merchandise trade: Value and average growth

Sub-region/Country	Exports (millions of dollars)			Imports (millions of dollars)			Balance of trade (millions of dollars)			Growth rate (in per cent) Export		Growth rate (in per cent) Import	
	1986	1990	1991	1986	1990	1991	1986	1990	1991	1986-91	1990-91	1986-91	1990-91
North Africa	**21336**	**35906**	**33847**	**29455**	**38222**	**33968**	**-8119**	**-2315**	**-121**	**10**	**-6**	**3**	**-11**
Algeria	8065	12964	12490	7879	7370	6788	186	5594	5702	9	-4	-3	-8
Egypt	2934	3477	3533	10353	11172	6878	-7419	-7695	-3345	4	2	-8	-38
Libya	5814	11362	9502	4434	7582	8492	1380	3780	1010	10	-16	14	12
Morocco	2428	4263	4311	3459	6296	5841	-1031	-2033	-1531	12	1	11	-7
Sudan	327	327	303	634	649	1138	-307	-322	-836	-2	-7	12	75
Tunisia	1768	3514	3710	2696	5153	4832	-929	-1639	-1122	16	6	12	-6
West Africa	**13635**	**21955**	**20613**	**10369**	**13653**	**16681**	**3267**	**8302**	**3933**	**9**	**-6**	**10**	**22**
Benin	303	265	291	412	428	482	-109	-163	-191	-1	10	3	13
Burkina Faso	149	272	283	438	593	602	-289	-321	-318	14	4	7	1
Cape Verde	4	6	6	86	119	123	-82	-114	-117	9	11	8	3
Cte d'Ivoire	3187	3120	2804	1640	1702	1642	1548	1418	1162	-3	-10	0	-4
Gambia	34	40	41	91	171	188	-57	-131	-147	4	3	16	10
Ghana	773	891	1022	713	1199	1342	61	-308	-320	6	15	14	12
Guinea	655	900	993	508	1250	1330	147	-350	-337	9	10	21	6
Guinea Bissau	10	19	18	59	69	63	-49	-49	-45	13	-7	1	-8
Liberia	408	150	250	259	100	120	149	50	130	-9	67	-14	20
Mali	206	338	355	339	432	447	-133	-95	-93	12	5	6	3
Mauritania	419	514	448	401	390	349	18	124	99	1	-13	-3	-10
Niger	332	303	284	310	338	273	22	-34	11	-3	-6	-2	-19
Nigeria	6015	13585	12254	3702	4932	7813	2313	8653	4441	15	-10	16	58
Senegal	657	912	903	883	1176	1187	-226	-265	-284	7	-1	6	1
Sierra Leone	121	138	149	111	137	136	11	1	13	4	8	4	-1
Togo	362	502	512	419	617	583	-56	-115	-71	7	2	7	-5
Central Africa	**5532**	**7387**	**6432**	**4781**	**4335**	**4002**	**752**	**3052**	**2430**	**3**	**-13**	**-3**	**-8**
Burundi	155	75	92	177	204	215	-22	-129	-123	-10	23	4	5
Cameroon	2077	1909	1650	1635	1371	1050	443	538	600	-4	-14	-8	-23
Central African Republic	130	151	125	201	242	192	-72	-91	-67	-1	-17	-1	-20
Chad	99	230	194	212	260	294	-114	-29	-100	14	-16	7	13
Congo	673	1389	1136	512	458	513	160	930	623	11	-18	0	12
Equatorial Guinea	35	38	36	49	53	60	-14	-15	-24	1	-5	4	12
Gabon	1074	2482	2273	979	772	827	95	1710	1446	16	-8	-3	7
Rwanda	188	112	93	243	194	214	-55	-83	-121	-13	-17	-3	10
Sao Tome & Principe	10	4	4	23	16	25	-13	-12	-21	-17	-5	2	57
Zaire	1093	998	830	750	765	613	344	234	217	-5	-17	-4	-20
East & Southern Africa	**9408**	**14770**	**14480**	**11643**	**20390**	**21131**	**-2236**	**-5620**	**-6650**	**9**	**-2**	**13**	**4**
Angola	1346	3884	3427	1086	1578	1347	260	2306	2080	21	-12	4	-15
Botswana	864	1797	1856	606	1675	1676	258	122	180	17	3	23	0
Comoros	20	18	24	29	45	54	-8	-27	-29	4	36	13	19
Djibouti	20	49	55	166	193	338	-145	-145	-284	22	12	15	75
Ethiopia	455	297	189	929	912	398	-474	-614	-209	-16	-37	-16	-56
Kenya	1199	1033	1104	1386	1826	1536	-187	-793	-432	-2	7	2	-16
Lesotho	132	405	513	1757	4510	6006	-1626	-4106	-5493	31	27	28	33
Madagascar	315	308	305	293	472	360	22	-164	-56	-1	-1	4	-24
Malawi	248	412	473	154	346	423	94	66	50	14	15	22	22
Mauritius	673	1189	1193	616	1475	1436	57	-286	-243	12	0	18	-3
Mozambique	79	126	162	488	790	809	-409	-664	-647	15	29	11	2
Namibia	879	1069	1184	684	1222	1238	195	-153	-54	6	11	13	1
Seychelles	18	56	48	92	162	150	-73	-105	-102	21	-15	10	-7
Somalia	95	150	107	342	363	177	-247	-213	-71	2	-29	-12	-51
Swaziland	278	564	565	296	603	605	-18	-39	-40	15	0	15	0
Tanzania	336	408	474	913	1186	1186	-577	-779	-712	7	16	5	0
Uganda	436	151	200	277	263	168	159	-112	31	-14	33	-9	-36
Zambia	692	1125	1000	518	855	990	174	270	10	8	-11	14	16
Zimbabwe	1323	1729	1603	1012	1914	2233	311	-185	-630	4	-7	17	17
Developing Africa	**49911**	**80019**	**75373**	**56248**	**76599**	**75782**	**-6337**	**3419**	**-409**	**9**	**-6**	**6**	**-1**

Source: ECA Secretariat

Table 6
External public debt and debt service ratios, 1991

Sub-region/Country	Debt stock ($US Million)			Debt stock		Debt service as	
	Long-term	Short-term	Total	per cent of GDP	Amount ($US Million)	per cent of GDP	per cent of XGS (1)
North Africa	**103792**	**15132**	**118924**	**81.7**	**16783**	**11.5**	**30.9**
Algeria	26557	2079	28636	80.2	9822	27.5	68.4
Egypt	36978	3593	40571	136.6	2415	8.1	16.7
Libya	2839	1456	4295	14.2	860	2.8	8.4
Morocco	20332	886	21218	78.4	2289	8.5	27.6
Sudan	9717	6190	15907	166.5	23	0.2	4.0
Tunisia	7369	928	8297	63.4	1374	10.5	22.7
West Africa	**68880**	**9358**	**78238**	**112.3**	**6040**	**8.7**	**25.0**
Benin	1221	79	1300	69.2	31	1.6	6.3
Burkina Faso	871	85	956	36.5	46	1.8	9.2
Cape Verde	150	9	159	45.4	6	1.7	9.2
Cote d'Ivoire	15167	3680	18847	197.5	1445	15.1	39.1
Gambia	307	43	350	143.6	30	12.3	16.5
Ghana	2992	1218	4210	64.7	295	4.5	26.9
Guinea	2401	225	2626	92.4	134	4.7	16.0
Guinea-Bissau	574	80	654	389.0	9	5.4	47.4
Liberia	1127	862	1989	71.0	1	0.0	..
Mali	2392	139	2531	106.6	26	1.1	4.9
Mauritania	1912	386	2298	199.8	84	7.3	16.7
Niger	1503	150	1653	69.6	179	7.5	47.5
Nigeria	33588	909	34497	118.5	3375	11.6	25.2
Senegal	2890	632	3522	66.3	312	5.9	19.7
Sierra Leone	642	648	1290	190.5	14	2.1	9.1
Togo	1143	213	1356	78.1	53	3.1	7.5
Central Africa	**24714**	**4563**	**29277**	**90.5**	**1160**	**3.6**	**13.6**
Burundi	898	62	960	80.9	40	3.4	31.5
Cameroon	5254	1024	6278	56.0	465	4.1	20.5
Central African Republic	803	81	884	69.0	15	1.2	8.2
Chad	547	59	606	48.7	11	0.9	4.4
Congo	3989	755	4744	172.9	262	9.6	23.4
Equatorial Guinea	210	39	249	174.4	3	2.1	7.5
Gabon	2935	908	3843	70.7	163	3.0	6.8
Rwanda	780	64	844	53.0	25	1.6	17.5
Sao Tome & Principe	147	17	164	364.9	2	4.4	25.0
Zaire	9151	1553	10704	143.4	174	2.3	7.5
East & Southern Africa	**45938**	**8643**	**54581**	**109.5**	**3166**	**6.4**	**17.5**
Angola	7370	1405	8775	115.8	208	2.7	5.8
Botswana	536	7	543	15.8	80	2.3	3.4
Comoros	161	14	175	71.3	2	0.8	5.1
Djibouti	176	21	197	65.7	14	4.7	4.6
Ethiopia	3301	174	3475	55.5	139	2.2	25.4
Kenya	5776	1237	7013	91.1	720	9.4	32.2
Lesotho	406	22	428	66.9	27	4.2	4.7
Madagascar	3381	335	3716	139.6	160	6.0	34.3
Malawi	1530	146	1676	78.9	131	6.2	27.9
Mauritius	960	31	991	36.3	164	6.0	9.4
Mozambique	4055	645	4700	641.2	45	6.1	12.3
Seychelles	154	47	201	55.1	24	6.6	9.3
Somalia	1929	506	2435	243.5	..	..	..
Swaziland	254	4	258	25.7	28	2.8	3.5
Tanzania	5798	662	6460	205.2	132	4.2	24.1
Uganda	2325	505	2830	109.8	139	5.4	63.8
Zambia	4958	2321	7279	236.5	586	19.0	40.6
Zimbabwe	2868	561	3429	72.4	567	12.0	27.6
Developing Africa	**243324**	**37696**	**281020**	**94.6**	**27149**	**9.1**	**25.6**

Sources: World Bank, World Debt Tables 1992-1993; ECA Secretariat and various issues

(1) goods and services exports

Table 7
Social Indicators - Education

	School Enrolment ratio (%)	Primary education enrolment ratio (%)	Adult female literacy rate (%)	Adult literacy rate (%)	Scientists/ Technicians Per '000
	1989	1990	1990	1990	1989
North Africa	**72**	**84**	**35**	**48**	**2.0**
Algeria	81	96	46	58	..
Egypt	92	97	34	49	..
Libya	..	..	50	63	11.6
Morocco	52	68	38	50	..
Sudan	37	50	12	28	0.4
Tunisia	81	115	56	65	1.4
West Africa	**44**	**63**	**35**	**46**	**1.0**
Benin	44	66	16	24	..
Burkina Faso	22	36	9	19	..
Cape Verde	..	..	..	..	..
Cote d'Ivoire	..	70	40	54	..
Gambia	43	..	..	..	..
Ghana	59	75	51	61	1.5
Guinea	23	34	13	24	..
Guinea Bissau	39	59	24	37	..
Liberia	..	34	29	40	..
Mali	16	23	24	33	..
Mauritania	36	51	21	34	..
Niger	18	28	17	29	..
Nigeria	49	70	40	51	0.9
Senegal	39	58	25	39	..
Sierra Leone	38	53	11	21	..
Togo	66	103	31	44	0.2
Central Africa	**50**	**78**	**48**	**61**	**0.2**
Burundi	38	69	40	51	..
Cameroon	67	101	43	55	..
Central African Republic	40	64	25	39	..
Chad	34	57	18	30	..
Congo	..	..	44	57	..
Equatorial Guinea	..	..	..	..	..
Gabon	..	..	49	62	..
Rwanda	48	69	37	51	0.2
Sao Tome & Principe	..	..	..	..	..
Zaire	..	78	61	73	..
East & Southern Africa	**48**	**68**	**54**	**63**	**2.6**
Angola	..	93	29	43	..
Botswana	89	115	65	75	1.2
Comoros	54	..	..	..	..
Djibouti	..	..	..	..	0.1
Ethiopia	29	38	..	..	..
Kenya	74	94	59	70	1.4
Lesotho	80	..	..	..	..
Madagascar	55	92	73	81	..
Malawi	51	67	..	..	..
Mauritius	79	103	..	..	16.2
Mozambique	35	68	21	33	..
Namibia	..	..	..	..	..
Seychelles	..	..	..	..	..
Somalia	14	15	14	25	..
Swaziland	87	..	..	..	..
Tanzania	41	64	88	91	..
Uganda	53	70	35	49	..
Zambia	69	95	65	73	4.4
Zimbabwe	97	128	60	67	..
Developing Africa	**53**	**71**	**41**	**53**	**1.4**

Source: UNICEF, The State of the World's Children, 1993
UNDP, Human Development Report, 1993

Table 8
Health Indicators

	Life expectancy (Years) 1991	Infant mortality rate 1991 (per '000)	Mortality rate 1991 (per '000)	Safe water access 1990 (per '000)	Doctor 1984 (per '000)
North Africa	**60**	**68**	**97**	**68**	**5.4**
Algeria	65	50	61	71	2.2
Egypt	60	62	85	89	0.8
Libya	62	72	108	94	0.7
Morocco	62	72	97	61	15.6
Sudan	51	102	169	21	10.1
Tunisia	67	45	58	68	2.2
West Africa	**51**	**95**	**183**	**46**	**15.2**
Benin	47	89	149	54	15.9
Burkina Faso	48	120	206	69	57.2
Cape Verde	67	..	..	71	5.8
Cote d'Ivoire	53	93	127	18	..
Gambia	44	..	..	77	11.6
Ghana	55	84	137	57	14.9
Guinea	44	138	234	32	46.4
Guinea Bissau	43	143	242	25	7.5
Liberia	54	131	25	55	9.3
Mali	45	108	225	38	25.4
Mauritania	47	120	209	66	12.1
Niger	46	127	218	..	39.7
Nigeria	52	86	188	48	8.0
Senegal	48	82	182	54	13.1
Sierra Leone	42	146	253	42	13.6
Togo	54	88	144	71	8.7
Central Africa	**53**	**107**	**172**	**37**	**29.2**
Burundi	49	108	161	38	21.1
Cameroon	54	66	126	32	..
Central African Republic	50	106	178	12	23.5
Chad	47	125	213	..	38.4
Congo	54	83	110	38	8.3
Equatorial Guinea	47	..	..	..	..
Gabon	53	97	161	68	2.8
Rwanda	50	112	189	64	34.7
Sao Tome & Principe	66	..	..	..	2.5
Zaire	53	117	180	34	..
East & Southern Africa	**52**	**113**	**193**	**33**	**29.3**
Angola	46	170	292	35	17.8
Botswana	60	62	85	53	6.9
Comoros	55	..	..	..	..
Djibouti	48	..	..	47	1
Ethiopia	46	125	212	19	60
Kenya	60	52	75	30	10
Lesotho	57	82	137	48	18.6
Madagascar	55	113	173	22	9.8
Malawi	48	144	228	56	11.3
Mauritius	70	22	28	95	1.9
Mozambique	48	170	292	24	38
Namibia	58	73	120	..	..
Seychelles	70	..	..	100	2.2
Somalia	46	125	211	37	16.1
Swaziland	57	..	..	53	..
Tanzania	54	112	230	56	26.2
Uganda	52	110	190	20	21.9
Zambia	54	112	200	59	7.2
Zimbabwe	60	61	88	..	6.7
Developing Africa	**56**	**133**	**165**	**45**	**18.4**

Source: UNICEF, The State of the World's Children, 1993
UNDP, Human Development Report, 1993