ECONOMIC REPORT ON AFRICA
1996

ECONOMIC COMMISSION

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Executive Summary

The African economy recorded its second highest annual growth rate, since the beginning of the decade, in 1995. Gross domestic product (GDP) for the region increased by 2.3 per cent, compared with a revised figure of 2.1 per cent for 1994 and 1.8 per cent in 1993. Another indication of the improving economic performance and recovery in the region was the positive growth (2.4 per cent in 1995), in the GDP of the 33 African least developed countries, following three years of consecutive decline. Despite the modest recovery evidenced by faster growth in GDP, per capita income has yet to reverse its declining trend and many countries in Africa were still at the lower end of the growth spectrum, given the persistence of structural constraints.

The improvement in overall regional growth rate masks significant variations in economic performance among African subregions and individual countries. The West and Eastern and Southern African subregions registered growth rates in excess of the regional average in 1995, owing to the improved performance in the agricultural and mining sectors. In West Africa, which experienced a strong rebound, GDP grew by 4.1 per cent in 1995, compared to an increase of only 1.0 per cent in 1994; while in Eastern and Southern Africa it grew by 3.3 per cent as against 2.9 per cent in 1994. GDP growth remained weak in Central Africa, limited to a mere 1.1 per cent, while it decelerated from 2.9 per cent in 1994 to 1.0 per cent in 1995 in North Africa.

On the domestic front, the modest recovery in regional output was mostly associated with the good performance in the manufacturing and the mining sectors. The improvements in the mining sector was attributed to capacity expansion, following extensive reform and renovation and an upturn in world prices, while growth in manufacturing was due mainly to better supply of domestic inputs and improvement in the importation of raw materials. African agriculture, the mainstay of the African economy, did not perform well in 1995. Its value added growth rate decelerated from 4.2 per cent in 1994 to 1.5 per cent in 1995, rendering the food situation more precarious especially in those parts of the continent afflicted by drought or prolonged civil war.

On the external front, there were improvements in exports earnings which increased by 11.1 per cent in 1995 as against 4.9 per cent in 1994. Despite the continued upturn in export revenue, Africa's share in world trade continued to decline, from 3.1 per cent in 1990 to 2.2 per cent in 1995. The loss in market share as a whole, was due to the excessive dependence on a narrow range of primary commodities with weak global demand, declining trend in prices as well as keen competition from new producers outside the region. Most African countries continued to rely on the same primary commodities as they did since the 1960s ; with the undiversified export structures impacting negatively on their foreign exchange earnings as well as on market share. To regain and expand their market share and turn exports into an engine of growth, there is an overarching policy need for African countries to diversify their production base and graduate output into processed and manufactured goods.

The problem of Africa's external indebtedness grew worse in 1995, with the total stock of debt increasing by 4.1 per cent to reach US$322.4 billion in 1995. Foreign direct investment (FDI) to Africa has not increased significantly even though the rate of return on FDI in Africa was one of the highest in the world, while the scope for foreign inflows to the continent on portfolio account remain limited due to the severe constraints on equity investment and the underdevelopment of African capital market. It is increasingly clear that the resolution of Africa's debt overhang is a pre-requisite for the revitalization of investment and the sustainment of high growth rate of GDP, and that African governments should, along with the creditor nations and institutions and with the active support of development partners, pursue vigorously the search for meaningful and lasting solutions.

The crisis in the social sector grew more desperate in 1995, relative to earlier years. Rapid increase in population relative to economic growth, widespread unemployment, particularly among the young and educated, and cutbacks in public expenditures in real terms, particularly in education, health and social welfare continued unabated. Public expenditure on education in sub-Saharan Africa is one of the lowest in the world, with the most severe spending cuts in recent years occurring in capital expenditure for new construction, equipment and laboratories, and for repair and maintenance. To revive and sustain economic performance, African governments should target the development of human capital through an overall gender sensitive expansion in basic education, training and health care, and the creation of opportunities for proper use of skills.

The number of refugees and displaced persons in Africa remains extremely high. About 7 million are directly categorized as refugees. Many of these have

been integrated within the host society but this has not offered a lasting solution. It must be admitted that rapid repatriation of refugees, which in Africa is the only sustainable solution to the refugees problem, can take place only voluntarily and when conditions in the countries of origin permit. The governments of exit countries, with the support of the international donor community, nead to rapidly create and re-establish an enabling domestic environment that will permit the repatriation of their people from the neighbouring countries.

Economic prospects for Africa in 1996 and beyond would be determined not only by the weather condition but also by the extent to which African governments persist with domestic policy reforms, sound economic management, maintenance of stable political systems and a positive, people-oriented political climate, coupled with favourable developments in the international economic environment. Current indications are that the capacity of African societies and economies for facing up to the challenges of development and sustained real growth is much stronger than ever. The overall prognosis is for the food and agricultural sector to grow faster in 1996 than in 1995, and for the manufacturing sector, particularly the agro-industrial part of it, to experience significant positive expansion in capacity utilisation. Overall GDP growth rate is projected at 2.9 per cent in 1996 in view of the endemic structural constraints in Africa, and the difficulties of taking advantage of emerging opportunities in the world economy. The vexing issue of debt is expected to continue to pose a major threat to Africa's development in the medium-term, and so also is the problem of commodity prices and uncertainties of external development finance.

Increasing and sustaining a high rate of poverty-reduction and employment creation through growth remains the single most important policy challenge of African governments. With poor prospects for increased external resource inflows, the onus for the revitalization of development-oriented investment and the achievement of high rates of growth rests principally on the extent to which African governments could exploit the huge but yet untapped potential of domestic financial resource. Increased dependence on own resources, through intensive and extensive resource mobilization drives, should become a major component of the continent's development policy and a top priority for the second half of the 1990s. To that end, urgent measures need to be put in place to increase confidence in the financial system and to expand their outreach to the grassroots level ; to deepen economic reform policies ; and, to establish clear legal and regulatory frameworks together with transparent and non-distortionary tax systems. Only by so doing, and by supplementing the emerging market-oriented and growth-friendly policy direction with efficiency-enhancing and private sector support measures, will Africa transcend the poverty trap and radically transform its economy.

I. The African Economy in 1995

Minor Head

A. Continued Recovery in Regional Output and Performance 2

1. Economic growth and its sources Minor 10

1. The African economy experienced its second highest annual growth rate in 1995 since the beginning of the decade. The gross domestic product (GDP) of the African region grew by 2.3 per cent in 1995, compared to the revised figures of 2.1 per cent for 1994 and 0.7 per cent in 1993. African least developed countries (LDCs) also experienced an improvement in income performance for the first time since 1992. The real GDP growth rate for the 33 African LDCs stood at 2.4 per cent in 1995, against -2.4 and -1.6 per cent in 1993 and 1994, respectively. This is a further positive confirmation of the recovery that has taken place in Africa in recent years. The average growth rate, of course, masks variations in country and subregional performances. Still, several national economies in Africa are now growing faster than their populations, which in itself is a welcome sign that overall growth trends in Africa are beginning to gather momentum towards the recovery evident in the global economy, although there is a significant number of countries at the lower end of the growth spectrum.

2. Table 1.1 provides a frequency distribution of the countries in the African region according to GDP growth rates. Only three countries experienced negative growth in 1995 compared to 14 in the previous year, while eight countries exceeded 6 per cent growth in 1995 compared to only two in 1994, which explains in part the improvement in overall economic performance at the overall regional level. The eight countries with the most impressive GDP growth rates in 1995 were Burkina Faso (6.0 per cent), Côte d'Ivoire (6.6 per cent), Ghana (6.9 per cent), Kenya (6.1 per cent), Malawi (6.2 per cent), Mali (6.0 per cent), Togo (6.7 per cent) and Tunisia (6.7 per cent). Of the 19 countries that experienced GDP growth rates in excess of population growth rates in 1995, five are to be found in the Southern African subregion and another seven in the Eastern African subregion. Kenya and Malawi recorded 6.1 and 6.2 per cent GDP growth rates respectively in 1995, but Botswana and Mauritius are the two countries that have over the last four years or so consistently recorded growth rates in excess of 5.0 per cent. The countries of Southern and Eastern Africa, it would seem, have in general performed better than those in other subregions, the intermittent impact of droughts and pest infestation on the agricultural sector in the two subregions notwithstanding.

3. But even with the recovery in GDP growth rates in Africa, the share of the continent in aggregate world trade and output remains far below its share of world population. Africa's share in world trade has fallen steadily over the years to 2.2 per cent in 1995 from 2.3 per cent in 1994, 3.1 per cent in 1990 and 5 per cent in 1980. The decline of Africa's share in the trade of developing countries as a whole has been even more dramatic, from 14.9 per cent in 1980 to 10.9 per cent in 1990 and 6.4 per cent in 1995. Africa's GDP has in the 1990s accounted for less and less of the GDP in the global economy (about 2.04 per cent on average) and of the developing countries share of it (10.24 per cent), compared with the 1980s. By contrast, Africa's share of world population is on the increase, estimated at 12 per cent in 1995. The pressure of Africa's population growth on socio-economic performance is almost twice that of the world and GDP growth rates in Africa are yet to keep pace even with the overall regional population growth rate. Given a population growth rate of around 2.9 per cent, the increase in regional GDP of 2.3 per cent in 1995 translates into an average per capita income decline of 0.6 per cent for the African region as a whole.

FIG.1 Africa's GDP Growth Rates
1990-1995 (at 1990 prices)

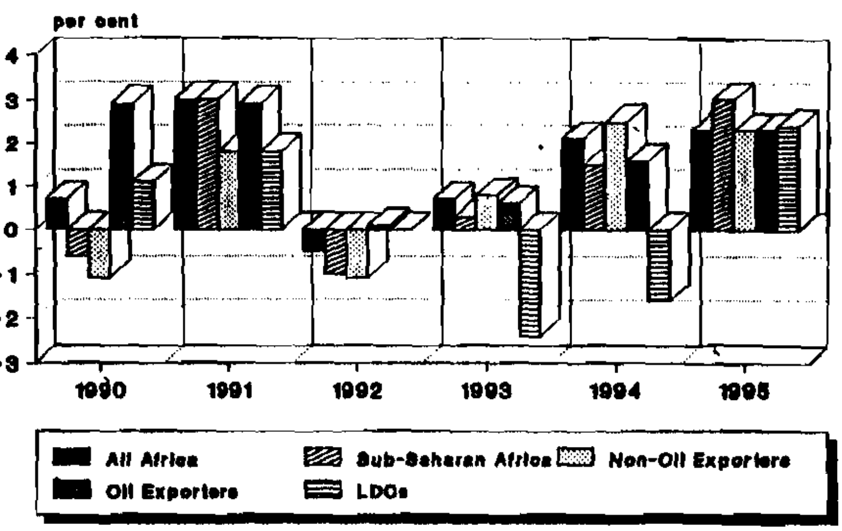


Table I.1: Frequency distribution of countries according to percentage growth rate of GDP, 1990-1995 (cont'd.)

Growth rate	1990		1991		1992		1993		1994		1995**	
Negative	Algeria Benin Cameroon Central African Rep. Chad Côte d'Ivoire Eq. Guinea Ethiopia	15* Liberia Mauritania Rwanda Sao Tome and Principe South Africa Sudan Zaire	Angola Cameroon Côte d'Ivoire Ethiopia Liberia Madagascar Mali Rwanda	15* Sao Tome and Principe Seychelles Somalia South Africa Togo Zaire Zambia	Cameroon Central African Rep. Côte d'Ivoire Ethiopia Gabon Libya Malawi Morocco Mozambique	19* Niger Sierra Leone Somalia South Africa Swaziland Tanzania Togoi Zaire Zambia Zimbabwe	Angola Central African Rep. Chad Comoros Congo Côte d'Ivoire Liberia Libya	16* Mali Morocco Namibia Senegal Sierra Leone Sudan Togo Zaire	Algeria Cameroon Congo Gambia Lesotho Liberia	14* Malawi Rwanda Seychelles Somalia Swaziland Tanzania Zaire Zambia	Morocco Sudan Zaire	3*
0 < 3	Burkina Faso Cape Verde Comoros Congo Djibouti	13* Ghana Madagascar Mali Mozambique Somalia Togo Zambia Zimbabwe	Algeria Central African Rep. Congo Djibouti Egypt Gambia	13* Guinea Kenya Lesotho Mozambique Niger Senegal Sierra Leone	Algeria Benin Cape Verde Djibouti Eq. Guinea Egypt Kenya Lesotho	16* Liberia Madagascar Mauritania Namibia Sao Tome & Principe Senegal Tunisia Uganda	Algeria Botswana Cameroon Cape Verde Djibouti Eq. Guinea Ethiopia Gabon	16* Kenya Madagascar Niger Nigeria Rwanda Sao Tome & Principe Somalia South Africa	Burundi Côte d'Ivoire Djibouti Egypt Eq. Guinea Gabon Libya Mali	15* Niger Nigeria Sao Tome & Principe Senegal Sierra Leone South Africa Sudan	Algeria Cameroon Central African Rep. Comoros Congo Djibouti Egypt Eq. Guinea Gabon Guinea- Bissau Liberia	23* Libya Mozambique Namibia Nigeria Rwanda Sao Tome & Principe Seychelles Sierra Leone Somalia South Africa Zambia Zimbabwe
3 < 6	Botswana Burundi Egypt Gabon Guinea Guinea- Bissau Kenya Malawi	16* Morocco Namibia Niger Senegal Seychelles Sierra Leone Tanzania Uganda	Benin Comoros Eq. Guinea Ghana Guinea- Bissau Mauritania Mauritius	14* Morocco Namibia Nigeria Swaziland Tanzania Uganda Zimbabwe	Angola Botswana Burkina Faso Chad Comoros Congo Ghana	14* Guinea Guinea- Bissau Mauritius Nigeria Rwanda Seychelles Sudan	Benin Burkina Faso Burundi Egypt Ghana Guinea- Bissau Mauritius	14* Mozambique Seychelles Tanzania Tunisia Uganda Zambia Zimbabwe	Benin Botswana Burkina Faso Cape Verde Central African Rep. Chad Comoros Eritrea Ethiopia	17* Guinea Guinea- Bissau Kenya Madagascar Mauritania Mauritius Namibia Zimbabwe	Angola Benin Botswana Burundi Cape Verde Chad Eritrea Ethiopia Gambia Guinea	19* Lesotho Madagascar Mauritania Mauritius Niger Senegal Swaziland Tanzania Uganda

Table I.1: Frequency distribution of countries according to percentage growth rate of GDP, 1990-1995 (cont'd.)

Growth rate	1990		1991		1992		1993		1994		1995**	
6 < 8	Angola Libya Mauritius Nigeria	6* Swaziland Tunisia	Burkina Faso Cape Verde Gabon	5* Libya Malawi	Burundi Gambia	2*	Gambia Guinea Mauritania	3*	Angola Tunisia	2*	Burkina Faso Côte d'Ivoire Ghana Kenya	8* Malawi Mali Togo Tunisia
> 8	Gambia Lesotho	2*	Botswana Burundi Chad	5* Sudan Tunisia	Mali	1*	Lesotho Malawi Swaziland	3*	Ghana Morocco Mozambique	5* Togo Uganda		
Total		52*		52*		52*		52*		53*		53*

Source: ECA secretariat.

* No. of countries within the growth rate brackets.

** Estimate

N.B.No separate GDP figures for Eritrea are available for 1994 and 1995. Hence GDP growth rates for Ethiopia and Eritrea are assumed to be the same.

4. Underlying the economic performance in Africa in 1995 is a combination of internal and external factors. The growth in GDP was related mostly to the good performance of the manufacturing sector and a modest rebound in the mining sector. Growth of output in agriculture -the mainstay of the economy - was lacklustre. On the other hand, Africa's external trade benefitted from fortuitous increases in prices of major primary commodities. Still, many of the factors responsible for the weak economic performance in Africa over the years are still at work, and so are the development problems and challenges facing the continent. But the prospects of the continent emerging from them are now better than ever. Africa is no longer an undifferentiated mass of poorly performing economies. Differences among individual African countries and groups of countries with the potential for rapid growth and socio-economic transformation have persisted, but current indications are that the capacity of African societies and economies for real and sustained growth are being increasingly realized.

2. Weaknesses in agriculture

5. The growth rate of value added in agriculture decelerated from 4.2 per cent in 1994 to 1.5 per cent in 1995. Such a deceleration was much more pronounced in North, Eastern and Southern Africa, with agri-cultural growth estimated at -0.7 per cent in 1995 as against 6.1 per cent in 1994 in North Africa and 1.1 and 3.0 per cent in Eastern and Southern Africa, respectively. West Africa performed much better with value added in agriculture growing by 4.2 per cent in 1995, although this represented a deceleration from the level of 5.8 per cent achieved in 1994, whereas there was an overall improvement in Central Africa's agricultural growth performance from -1.9 per cent in 1994 to 0.9 per cent in 1995.

6. These trends in value added correspond to a stagnation of overall agricultural output in the region and to a drastic deterioration in per capita agricultural output in some subregions. According to the Food and Agriculture Organization of the United Nations (FAO), the incidence of drought in the third quarter of 1994 and the first quarter of 1995 precipitated famine conditions, affecting some 10 countries in the North, Eastern and Southern African subregions[1]. In North Africa, the per capita agricultural output index (base year 1990) dropped by 0.9 per cent in Algeria, 7.8 per cent in Morocco and 23.2 per cent in the Sudan. The situation in Southern Africa was particularly serious, with the per capita agricultural production index (base year 1990) declining by 11.4 per cent in Lesotho, 5.6 per cent in South Africa and 6.1 per cent in Zimbabwe. In Zambia, there was a slight increase of 1 per cent in 1995, compared to a drop of 11.9 per cent in 1994. For a number of other countries, notably Angola, Burundi, Liberia, Rwanda, Sierra Leone and Somalia, the decline in food production was simply one of the consequences of civil strife, population displacements and insecurity of life, as agriculture is reduced largely to subsistence activities.

Table I.2: African economic indicators, 1990-1995 (percentage change for GDP and various indexes)

	1990	1991	1992	1993	1994	1995
GDP growth - Africa	0.7	3.0	-0.5	0.7	2.1	2.3
Agricultural production (FAO index 1979-1981 = 100)	127.9	135.9	134.0	139.9	143.1	143.0
Oil production (million tons)	321.4	336.4	345.1	340.1	335.1	343.2
Mining production index (1990 = 100)	1.0	-4.0	-7.6	-6.7	-1.2	0.1
Consumer price index (1990 = 100)	16.6	31.5	44.9	37.2	60.6	43.4
Oil prices, Brent crude ($ per barrel)	24.0	20.0	19.3	17.0	15.8	17.1
Export prices index (1990 = 100)	12.4	-9.4	-0.2	-5.2	5.3	6.8
Import prices index (1990 = 100)	4.5	-0.1	3.4	-0.8	4.1	5.2
Terms of trade index (1990 = 100)	7.5	-9.3	-3.4	-4.5	1.2	1.5
Exports ($ billion)	99.2	95.0	92.9	87.3	87.9	97.9
Imports ($ billion)	91.6	90.1	93.6	92.7	94.6	108.9
Current account (4 billion)	-0.1	-1.7	-5.4	-8.5	-0.5	-2.1

Source: ECA secretariat.

7. The food situation in some parts of Africa remained a serious source of concern and anxiety in 1995, despite good harvests in others. According to FAO, Africa currently accounts for 44 of the 88 countries classified as low-income food-deficit countries. The most severe reductions in food production in 1995 took place in Lesotho, with a drop of 14.6 per cent; Morocco, with a decline of 8.8 per cent; and the Sudan with a decline of 5.6 per cent, while food production in sub-Saharan Africa as a whole fell by 1.4 per cent. For the entire region, food production grew at an average rate of 2.5 per cent over the period 1990-1995, less than population growth by half a percentage point.

8. Aggregate cereals production in Africa is estimated to have fallen by 13.4 million metric tonnes or 11.9 per cent in 1995, from 112.4 million metric tonnes in 1994 to 99.0 million metric tonnes in 1995. The decline was particularly marked in coarse grains production, which fell from 82.7 million metric tonnes in 1994 to 70.5 million metric tonnes in 1995. Africa's wheat production was 13.6 million metric tonnes in 1995, as against 15.5 million metric tonnes in 1994. A fall in output was noticeable in Morocco and, to some extent, the Libyan Arab Jamahiriya, the Sudan and Tunisia. However, the food output index rose by 5.3 per cent in Algeria and by 1.4 per cent in Egypt. Rice production in Africa increased from 14.2 million metric tonnes in 1994 to 14.9 million metric tonnes in 1995. Also, the production of roots and tubers, which constitute 20 per cent of the total food supply in the region, increased by 2.6 million tonnes or 1.7 per cent in 1995, from 154.7 million tonnes in 1994 to 157.3 million tonnes in 1995. Livestock production was, however, on the decline in 43 African countries due to the policy of rebuilding cattle herds in many drought-affected countries since 1992-1993. Production of pulses, a key part of the diet in many areas of the region, has not shown any significant rise since 1990, remaining roughly between 6.5 and 7.0 million tonnes, while fruit and vegetable production has increased by less than 2 per cent annually.

9. Food assistance is still urgently needed to avert crises in several countries of West and Eastern Africa, such as Burundi, Eritrea, Ethiopia, Liberia, Rwanda, Sierra Leone and the Sudan. The African region as a whole experienced a food deficit of 19.6 million metric tonnes in cereals in 1995, for which commercial food imports and food aid were needed but not readily available on account of inefficient marketing and distribution systems at the domestic level, and owing to a limited capacity to pay for imports due to escalating world cereal price., and foreign exchange scarcity. FAO has provisionally estimated the total global availability of cereals food aid in 1994/1995 at 8.7 million tonnes, the lowest level since 1974, and an early FAO forecast suggests that food availability for 1995/1996 would fall even further from the previous year's level. Total food aid deliveries to the region fell in 1994-1995 for the second successive year and to the lowest level since 1989-1990. In 1995 alone, the cereals import needs of the countries of the Eastern African subregion were about 2.6 million metric tonnes, 65 per cent of which was anticipated to come from food aid. The comparable figures were 2.3 million metric tonnes for Southern Africa, where it was possible to alleviate the food situation in South Africa and Zimbabwe largely from stocks accumulated from previous good harvests, and close to 3.2 million metric tonnes for West Africa, out of which about 80 per cent was to be met from food aid. Almost all the cereals import needs of the countries of the Central African subregion were to be satisfied through food aid. Only in North Africa were cereal import require-ments, estimated at 10.9 million tonnes, met almost entirely from commercial imports of food. On the whole, the shortfall in food aid shipments to the region was estimated at 29 per cent of its total requirements for food aid.

10. As for cash crops, the increase of about 12 per cent in world prices for tropical beverages had a favourable effect on coffee production at 1.1 million metric tonnes in 1995, as against 1.0 million metric tons in 1994, a 10 per cent increase. Cocoa production increased by 3.7 per cent from 1.3 millions metric tonnes in 1994 to 1.4 million metric tonnes in 1995, and tea output by 8.4 per cent to 363,020 metric tonnes. Production of such industrial crops as tobacco, cotton and sugar also increased.

3. Modest rebound in mining and manufacturing

11. The manufacturing industry recorded a positive growth rate of 4.2 per cent in value added in 1995 (see table I.4), mainly as a result of better input supplies and improvements in the importation of raw materials for agro-allied industries made possible by the favourable performance of the external account. The latter, together with a number of remedial public policy measures, including the rationalization of industries under structural adjustment programmes (SAPs), led to improvements in the level of capacity utili-zation. How-

Table I.3: Agricultural production in Africa, 1991-1995 (Million tons)

	1991	1992	1993	1994	1995
Cereals	107.9	90.5	100.2	112.4	99.0
Wheat	17.7	13.3	13.0	15.5	13.6
Coarse grains[1]	76.6	63.7	73.5	82.7	70.5
Rice	13.6	13.5	13.7	14.2	14.9
Tubers[2]	141.2	147.6	156.0	154.7	157.3
Cassava	77.5	81.0	83.3	82.2	83.0
Pulses	6.9	6.4	6.8	6.7	6.8
Fruits and vegetables	62.6	63.5	64.3	65.1	65.9
Food[3]	137.7	136.6	142.5	146.5	146.0

Source: FAO, Food Outlook, March 1996.
[1]Including sweet corn. [2] Including plantains.[3] FAO Index (1979-81 = 100).

Table I.4: Indicators of manufacturing sector performance by subregion and economic groupings, 1992-1995

Subregion and economic groupings	Share of MVA in regional MVA (%)				Share of MVA in GDP (%)				MVA growth rates (% at 1990 prices)			
	1992	1993	1994	1995[1]	1992	1993	1994	1995[1]	1992	1993	1994	1995[1]
Total Africa	100.0	100.0	100.0	100.0	15.2	15.1	15.4	15.7	-1.0	-0.1	4.1	4.2
North Africa	39.1	40.1	40.9	41.9	15.0	15.2	15.7	15.7	1.5	1.9	6.6	0.9
Central Africa	6.4	5.8	5.2	4.9	9.0	8.7	8.8	8.6	-10.0	-9.8	-1.4	-0.4
East Africa	4.0	4.2	4.4	4.5	10.9	11.1	11.4	11.5	2.8	4.7	6.1	3.9
Southern Africa	41.3	40.5	40.4	39.8	23.6	23.1	23.2	24.1	-2.8	-0.5	2.6	6.9
West Africa	9.2	9.4	9.2	9.0	8.1	7.8	7.7	8.2	1.5	-2.4	1.9	9.8
Sub-Saharan African	61.7	60.9	60.2	59.2	15.0	14.8	14.9	15.4	-2.3	-1.1	2.4	6.4
LDCs	10.4	10.5	10.1	9.9	9.4	9.3	9.6	9.7	0.1	-4.3	2.1	3.4

Source: ECA secretariat.

ever, even in 1995, the industrial sector remained prone to a number of inherent structural weaknesses, in addition to the perennial shortages and high cost of foreign exchange for the importation of crucial inputs, spare parts and equipment.

12. In the mining sector, there was an increase of 2.7 per cent in value added in 1995, as against -3.7 per cent in 1994 and -0.7 per cent in 1993. As a result of the extensive reforms in the mining sector in recent years, exploration and mining investment have increased in several countries, particularly in precious metals and minerals, including gold, diamond and other gem stones. But the improved performance in pro-duction volumes in 1995 was attributable mostly to oil production, as output figures for major non-fuel minerals during the first three-quarters of the year suggest that their total annual production may have increased only modestly, if at all. Output of crude oil increased by 2.4 per cent in 1995 in comparison with a decline of 1.5 per cent in 1994, largely because of higher production figures in the Libyan Arab Jamahiriya and in non-Organization of Petroleum Exporting Countries (OPEC) African countries such as Angola and Egypt. With OPEC production quotas remaining unchanged during 1995, there was a virtual stagnation in the level of oil production in African OPEC countries. The overall changes in output values in the mining sector in 1995 were related to the almost

Table I.5: Crude oil production in Africa, 1991-1995 (millions of tons)

Country/Group	1991	1992	1993	1994	1995[e]
Algeria[1]	62	61.5	59.77	59.16	60.52
Gabon	14.71	14.78	14.77	16.28	16.97
Libyan Arab Jamahiriya	74.34	74.35	68.45	68.81	69.39
Nigeria	93.06	97.65	102.1	94.62	96.11
Sub-total OPEC	224.09	248.28	245.09	238.87	242.99
Angola	24.9	26.94	25.5	27.69	31.62
Cameroon	7.17	6.77	5.48	5.36	4.7
Congo	7.96	8.23	8.66	9.36	8.81
Côte d'Ivoire	0.66	0.44	0.51	0.55	0.55
Egypt	43.93	46.1	46.3	46.5	47.8
Ghana	0.75	0.85	0.85	0.9	0.9
Tunisia	5.26	5.38	4.64	4.38	4.3
Zaire	1.37	1.3	1.14	1.45	14.5
Sub-total non OPEC	92.4	97.08	94.98	96.19	100.18
Total Africa	336.44	345.36	340.07	335.06	343.17

Source: United Nations Monthly Bulletin of Statistics, various issues; OPEC Annual Report, various issues; EIU country reports; and country sources.

[e]ECA estimates.

[1]Including condensates.

20 per cent increase in prices of minerals and metal ores and 7.9 per cent in oil prices in 1995. Copper prices were 27.3 per cent higher in 1995 than in 1994 while prices of nickel, copper, aluminium, cobalt, lead and iron ore rose by 30, 27.3, 22.3, 19.9, 14.6 and 6 per cent respectively.

4. The promise and perils of external trade

13. There were improvements in Africa's trade performance in 1995. Provisional estimates by ECA show that export earnings increased by 11.1 per cent, compared to 4.9 per cent in 1994. The value of imports rose on the other hand by 12.8 per cent, compared to 7.3 per cent in 1994. Export prices rose by 6.9 per cent, compared with 5.2 per cent in 1994, while import prices increased by 5.2 per cent in 1995, compared with 4.1 per cent in 1994. As a result, the terms of trade improved by 1.5 per cent in 1995, in comparison to an increase of 1.2 per cent in 1994, both of which are below the 1990 base year level.

14. The increase in export earnings can be attributed to a modest increase in oil prices, which, on average, was between $US16.4-19.2 per barrel in 1995, and the sustained recovery in mineral and metal prices. Oil exports from Africa grew in value by 11.9 per cent in 1995, and now account for nearly 60 per cent of the total foreign exchange earnings of African countries while manufactured goods account for about 70 per cent of imports. The rise in export prices for the two most important beverages produced in Africa - cocoa and coffee - moderated exceedingly in 1995 compared with 1994, while tea prices slumped even further during the year. Cocoa prices rose by 2.6 per cent in 1995, compared to 25.7 per cent in 1994 while coffee prices rose by 5.8 per cent, in comparison to the 123.9 per cent increase in 1994. Tea prices fell by 10.4 per cent in 1995, compared to the marginal decline of 1.3 per cent in the previous year. Overall, the aggregate price index for agricultural commodities (cotton, natural rubber, timber, tobacco) increased by 4.5 per cent over its 1994 level.

FIG 3: INDICES OF BEVERAGE PRICES 1980-95 (1990=100)

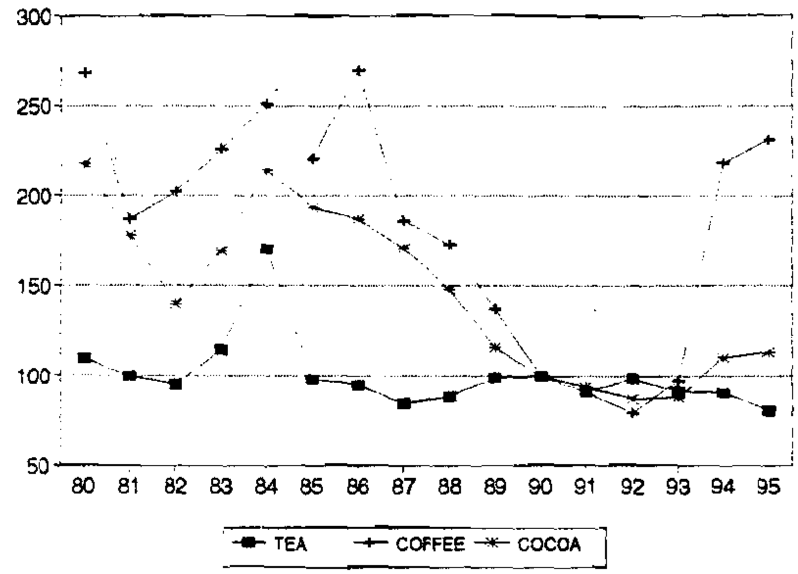
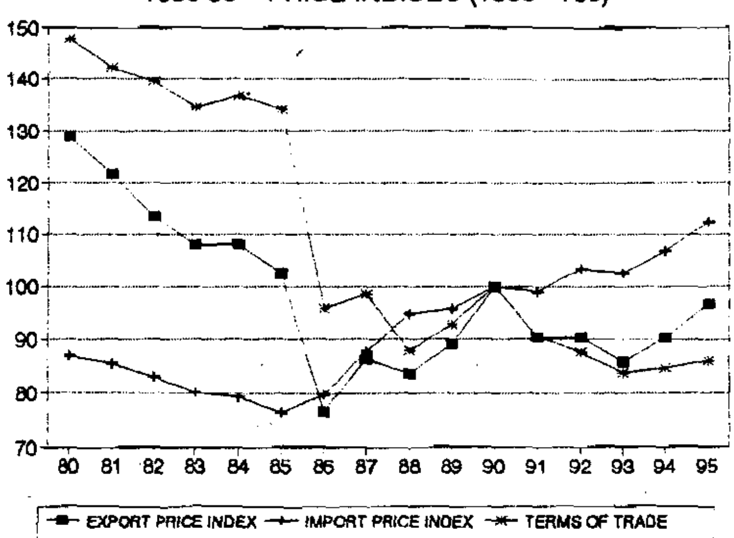


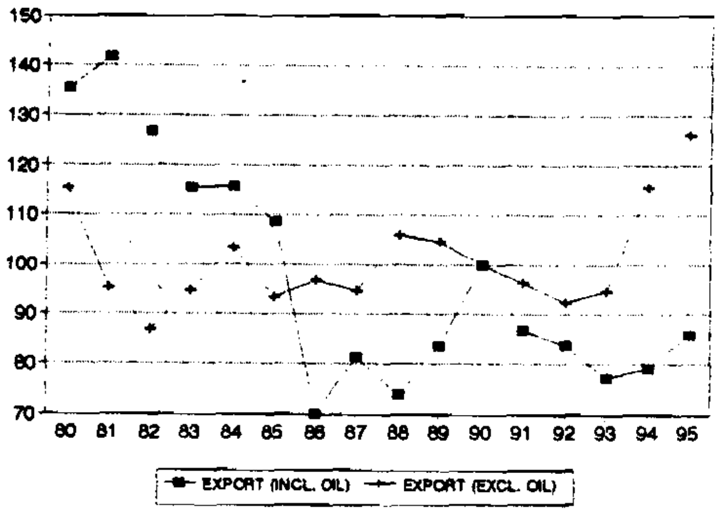
FIG 2: EXPORT, IMPORT & TERMS OF TRADE 1980-95 PRICE INDICES (1990=100)



15. Many African producers, it would seem, were unable to take full advantage of the rising export prices for oil, metals and minerals in 1995 due to supply difficulties and structural constraints, political instability and lack of adequate investment in the sector. It has certainly not been easy for some countries - Angola, Burundi, Liberia, Rwanda, Sierra Leone, Somalia - to conduct normal export trade in conditions of deteriorating physical and social infra-structure, and a volatile security situation. On the contrary, the environment of trade liberalization and currency depreciation in many countries has attracted an upsurge in imports of cheap manufactures and second-hand goods from the Far Eastern Asian coun-tries, as a result of weak competitive strength of domestic goods and prohibitive local production costs.

16. Most African countries have continued to rely on a few primary commodities for much of their export earnings,

FIG 4: COMMODITY EXPORT PRICES 1980-95 (1990=100)



exporting around 58 per cent of their products to the European Union (EU) market, with the EU providing 47.3 per cent of their imports. Indeed, for some countries - the Central African Republic, Comoros, Equatorial Guinea, the Niger, Sao Tome and Principe and Uganda - the dependence on the EU is almost as high as 86 per cent. Africa has steadily lost its trade share in the EU market, which declined from 6.3 per cent in 1980 to only 3.3 per cent in 1992 and 2.8 per cent in 1995 despite the fact that more than 70 per cent of Africa's total trade is with the EU. Following the negotiations that ended in June 1995 for the Lome IV Convention, there was enhanced accessibility to the EU market for products of the 47 African members of the African Caribbean and Pacific (ACP) group, but it was a far cry from the complete freedom of access demanded by the group. Some concessions were given on products currently subject to quotas and reference qualities while some quota levels were raised and import duties reduced within existing quotas.

17. Intra-African trade remained disappointingly low in 1995 as it has always been, as many of the constraints and trade-related bottlenecks (non-tariff barriers, stringent rules of origin) and structural hindrances (poor physical infrastructure, undiversified production structures, lack of trade financing, poor trade information mechanisms, etc.) remained unaddressed.

5. Unpromising trends in foreign investments and aid

18. The World Bank estimates foreign direct investment (FDI) flows to developing countries at $90.3 billion in 1995, an increase of 12.7 per cent. These flows were directed mostly to the two regions of Asia (East, South and Central Asia) and Eastern Europe. The most important recipient was Asia whose share grew by 26 per cent and accounted for 61 per cent of the total flows to developing countries in 1995, com-pared to 45 per cent during the period 1990-1992. In Africa in general, and in the sub-Saharan countries in particular, the trend of FDI is very unstable, although a few middle-income countries recorded encouraging volumes of inflows over the last two years. After a slight increase in 1994, FDI flows to sub-Saharan African countries declined by almost 27 per cent in 1995, from $2.9 billion in 1994 to $2.2 billion. Foreign flows on account of acquisitions by international firms were mostly motivated by promis-ing investment prospects in countries producing petroleum and minerals such as Angola, Gabon and Ghana, where the privatization process has opened up increasing opportunities for investments in the two sectors.

19. African countries have not benefitted fully from the surge in world investment flows. The numerous constraints on foreign investment and the high cost of doing business in Africa, particularly the inadequate infrastructure and poor services, have led the average prospective investors to be pessimistic about the continent. However, as the growing number of countries pursuing reform programmes show signs of sound recovery and profitability and as economic liberalization improves prospects for private investment, there is increasing expectation that foreign investors would be attracted to Africa in larger numbers. Studies on FDI in Africa conducted by the United Nations Conference on Trade and Development (UNCTAD) in 1995 show that the rate of return on overseas direct investment is higher in Africa than in any other region in the world, and that the continent's investment potential remains largely untapped. Indeed, the impressive track record of return on FDI in Africa belies the "miserable" image or pessimistic view that the average foreign investor generally has of Africa.

20. Net flows of official development assistance (ODA) to Africa declined from $25 billion in 1992 to $21.5 billion in 1993, to reach the level of $23.5 billion in 1994[2]. Although representing the most important source of flows for the African low-income countries, prospects for future increases are slim. The average ratio of net ODA to donors' gross national product (GNP) has declined steadily because of the budgetary constraints in many of the largest development assistance countries (DAC) donor countries. But other factors, like the growing demand for aid from countries in transition and the reorientation of donor countries' aid policy and

the quest for aid effectiveness, are likely to harden eligibility criteria and reduce the volume of available official flows in the near future.

21. While private capital flows have become a major source of financing for developing countries, African countries have not, however, been able to draw heavily on this source of finance, owing to low credit rating. An increasing number of African countries have embarked on the development of capital markets in order to encourage local and foreign private investment in securities. But only a few African capital markets with a potential for high rates of return have as yet attracted international investors, most of whom remain cautious. In Ghana, for instance, Ashanti Goldfield Company Limited raised about $60 million from 3 million new ordinary shares in 1995, while Namibia's stock exchange has been buoyed by the listing of Cooperative Grocery Wholesale Buying Group Sentra of Namibia, offering 2 million shares worth $2.5-3. South Africa's Johannesburg Stock Exchange (JSE) was set for the biggest shake-up in its 108-year history, following the deregulation plan decided upon by Parliament in November 1995. The plan overhauls the JSE on similar lines to the London Stock Exchange's big bang of 1986, allowing foreigners and non-brokers to own up to 100 per cent of stockbrokerage firms. However, for the stock exchanges in Africa to become more competitive, there must be deregulation and repeal of current regulations that place ceilings on foreign investment in local companies, removal of exchange controls that hinder free transfers of money, and reduction in dealing costs.

Table I.6: Africa's external debt and debt service, 1992-1995

	1992	1993	1994	1995*
Debt stocks (billions of US dollars)				
Africa	286.2	289.5	309.7	322.4
North Africa	109.5	108.5	116.8	121.9
Sub-Saharan Africa (excluding South Africa)	160.2	166.2	176.3	182.5
South Africa	16.5	14.8	16.6	18.0
Debt service paid (billions of US dollars)				
Africa	29.1	27.7	23.0	19.0
North Africa	16.3	16.1	12.8	9.1
Sub-Saharan Africa (excluding South Africa)	9.9	7.0	8.6	9.9
South Africa	2.9	4.6	1.6	..
Debt service due (billions of US dollars)				
Africa	38.9	37.7	38.3	..
North Africa	18.2	17.2	18.1	..
Sub-Saharan Africa (excluding South Africa)	18.5	16.6	19.3	17.7
South Africa	2.2	3.9	0.9	..
Ratio of debt to GDP (per cent)				
Africa	70.3	71.1	73.7	70.9
North Africa	72.8	70.9	73.7	72.0
Sub-Saharan Africa (excluding South Africa)	110.6	117.5	126.2	120.4
South Africa	14.8	13.1	13.6	13.4
Ratio of debt to goods and services exports (per cent)				
Africa	256.3	249.5	262.8	249.6
North Africa	317.9	264.0	288.3	265.4
Sub-Saharan Africa (excluding South Africa)	310.2	345.4	364.7	358.4
South Africa	64.5	55.2	57.3	55.9
Ratio of debt service to goods and services exports (per cent)				
Africa	26.1	23.9	19.5	..
North Africa	47.3	39.2	31.6	19.8
Sub-Saharan Africa (excluding South Africa)	19.2	14.5	17.8	19.4
South Africa	11.3	17.2	5.5	..

Sources: World Bank, national sources and various publications.
*Preliminary estimates.

6. Persistence of debt problems

22. The external debt and debt-servicing obligations of Africa continued to pose a major threat to the financing of economic recovery in 1995, in the sense that the debt overhang is still having a negative impact on availability of resources. Africa's total external debt, despite its average annual rate of growth of 1.5 per cent during the period 1990-1995, which is the lowest rate in the developing countries, is the most constraining in terms of sustainability. It is estimated to reach the level of $322 billion in 1995, growing by almost 4 per cent over the $310 billion recorded in 1994 and representing 70 per cent of the regional GDP and 250 per cent of exports. The share of multilateral debt in the long-term outstanding debt of sub-Saharan Africa has risen from 13 per cent in 1980 to 24 per cent in 1990 and 31 per cent in 1995. The pro-portion of total exports earnings actually committed to meeting debt-servicing obligations remained at 20 per cent in Africa although the implied overall regional liquidity ratio is far from being fully reflective of the situation in financially distressed countries. The capacity of these countries to service their debt has not improved despite efforts at scaling down their debt burden and reduction in the volume of arrears within the framework of existing debt re-organization and forgiveness mechanisms. The debt-service arrears of the sub-Saharan African countries represented more than 27 per cent of their debt stock in 1995 while in 1990 they were only 11 per cent. In some of the highly indebted poor countries (HIPCs) in sub-Saharan Africa, scheduled debt service could absorb as much as 90 per cent of the government revenue (excluding grants).

7. Still not enough domestic savings and investment

23. The achievement of rapid growth requires a high rate of investment in economic and social infra-structure as well as in human capital, backed up by high rates of domestic savings in both the public and private sectors. With the fall in the inflow of external resources in real terms and with little prospects for any major improvement in access to external savings, African countries need to maximize the availability of domestic savings and to invest them productively.

24. In 1995, gross fixed investment for the region increased by 5.6 per cent, down by almost 1 per cent from the 6.5 per cent growth achieved in 1994. The overall investment ratio in the region rose to 21.3 per cent of GDP in 1995 but in 25 sub-Saharan African countries it was actually less than 16 per cent. Even with a considerable increase in the efficiency of resource allocation and resource use, the attainment of an aggregate GDP growth rate of 8 per cent per annum in Africa and the doubling of per capita income over the next 15 years will require an investment rate that would almost double the current rate. Since most of the additional funding must be mobilized from domestic financial resources, the gross domestic savings rate of 19.6 per cent in 1995 must be viewed as rather inadequate.

25. Africa's savings trends reveal a rather disturbing picture for the first half of this decade, with gross domestic savings declining from a high of 22.5 per cent of GDP in 1990 to a low of 18.9 per cent in 1993, with a slight recovery to 19.6 per cent in 1995. While the decline in the savings ratio is a regional pheno-menon, it has been most pronounced for the sub-Saharan African countries where the savings to GDP ratio fell from 19.6 per cent in 1990 to 16.3 per cent in 1995.

26. The magnitude of the shortfall in private savings relative to other developing countries is indicative of the challenges and potentials facing African Governments. For example, private savings in East Asian countries averaged 28 per cent of GDP during the 1986-1993 period. In contrast, private sector savings in sub-Saharan Africa averaged 15 per cent of GDP between 1986 and 1992 and was in surplus relative to the low volume of private investment. But government saving was negative for four of the seven years covered by the period 1986-1993 while public investment was on the decline, from a high of 7.2 per cent of GDP in 1986 to 5.9 per cent in 1992. Private saving in Africa has been historically low, not for lack of investible resources per se, but more so because of inadequacy in its mobilization and use for productive and growth-inducing investment. With greater efforts on the part of governments in the mobilization and proper management of public revenue and appropriate policies, institutional arrangements and incentive structures put in place, increased resources can be generated for higher levels of investment.

8. Serious social situation

27. The social sector remained under great pressure in 1995 not only because of rapid population growth relative to economic growth in many African countries, but in part because of the severe cut-backs in expenditure in real terms particularly on education, health and medical care and social welfare. In a few other countries, civil conflicts and political stalemates in governance have continued to disrupt and paralyse production (especially in Burundi, Liberia, Rwanda, Somalia, the Sudan, Zaire and Sierra Leone), with important repercussions on the availability of even the most basic of social services. Endemic instability in countries with huge population movements and displacement has often spilled over into neighbouring countries, disrupting production and economic activities in general and further paralysing already overburdened physical infrastructure, notwithstanding

considerable humanitarian efforts at rehabilitation, repatriation and reintegration of refugees.

28. The situation in the education sector has worsened in many countries in terms of declining primary school enrolment ratios, high and rising attrition and repetition rates at all levels, the flight of qualified teachers, a general deterioration in physical infrastructure, equipment and supplies. The quality of education has consequently suffered a decline. As with education, the crisis in the health sector has become also more intense, with lack of hospital care and access to adequate sanitation and community health services contributing to exposure

BOX 1

POVERTY AND STREET CHILDREN IN AFRICA

Protection of children is basic to civilization and social justice globally. The issue of child labour is particularly serious, especially as very young, sometimes homeless children are engaged in street work for many hours a day (as part of the urban informal sector) to support themselves and their families. Current data indicates that 22 per cent of children in Africa aged between 10-14 are engaged in child labour. The World Health Organization (WHO) estimates that there are 10 million street children in Africa, at high risk from disease and from recruitment into crime, prostitution and drug abuse. The numbers of children on the street begging, stealing or engaged in petty trade and services or operating individually or as part of a gang, point to the general social negligence and malaise and to socio-economic crises in families and communities. This has serious long-term ramifications for society, not only for humanitarian reasons but also for security considerations. Street children constitute a pool from which hardened, organized adult criminal syndicates can someday emerge to terrorize society, unless early preventative and rehabilitative actions are taken.

In many African cities, it is estimated that 30 per cent of female prostitutes are youngsters, ranging from 9 to 16 years of age, many of whom are street girls coming from urban slums or depressed rural areas where education about sex, pregnancy and AIDS is limited. Although smaller in number than street boys, street girls are more vulnerable to the abuses and dangers of street life. Street educators and welfare workers have found that the best way to identify and reach street children is through rehabilitated former street children who are or were their peers. Special assistance to facilitate family reunion include micro loans, compulsory primary education on a full-day basis, back-to-school programmes for drop-outs, enlarged access to non-formal education and small-scale credit

BOX 2

MOZAMBIQUE: LESSON OF A SUCCESSFUL TRANSITION FROM CIVIL WAR TO NATION-BUILDING

The peace accord and the multi-party elections that followed in Mozambique in October 1994 were major landmarks in the country's search for a stable political environment and national reconciliation. An agenda for post-war reconstruction and nation-building in the country was articulated by the democratically elected government. The agenda centred on the three basic elements of (a) **the strengthening of good governance** to ensure the effective functioning of democratic institutions, forging national consensus on the role of the armed forces, strengthening the social fabric of society by reinforcing the rule of law and legal processes, and progressively decentralizing administrative functions and management responsibilities from the central government to local administration; (b) **rehabilitation of social services and creation of productive employment** entailing a significant shift in budgetary resources from defense and security to human resources development and the rehabilitation of rural and urban infrastructure; and (c) **creation of a conducive economic environment** that will encourage foreign and domestic private investment in the development of the country's large and relatively untapped natural resource base. To secure broad-based support and mobilize the people of Mozambique in the pursuit of these goals and objectives, the government embarked on a policy of engaging all segments of the civil society in a continuous and wide-ranging process of active dialogue. The resulting partnership and collaboration of the people and the Government paid off handsomely, turning out to be a key element in the genuine endeavour at nation-building, and the successful transition to durable peace.

to numerous preventable diseases, while the scourge of HIV/AIDS rages on.

29. High unemployment remained a major social problem in 1995. A particularly disturbing feature of the unemployment situation is the growing number of street children (see box 1) and young persons (15-24 years) among the unemployed. Women and girls tend to be worse affected among this group. In many African countries, some graduates from tertiary and technical institutions now remain without jobs for three-four years after leaving school. To regenerate their economies and rehabilitate and expand the delivery of essential social services, it is important for African countries to create the conducive working environment and adopt employment policies that would attract back its engineers, doctors, economists and other professionals.

30. On the other hand, there has been a marked and salutary momentum towards democratic forms of governance and popular participation on the continent. The peace agreement in Angola and the democratic elections in Algeria, Côte d'Ivoire and the United Republic of Tanzania which followed those in the Congo, where the transfer of power to elected governments took place in conditions of relative peace and without bloodshed, are powerful signs of a more peaceful political milieu on the continent. So is the successful transition to national reconciliation and nation-building in Mozambique (box 2), which serves as a useful model for other African countries still mired in conflict.

B. Divergent Growth in Output among Subregions

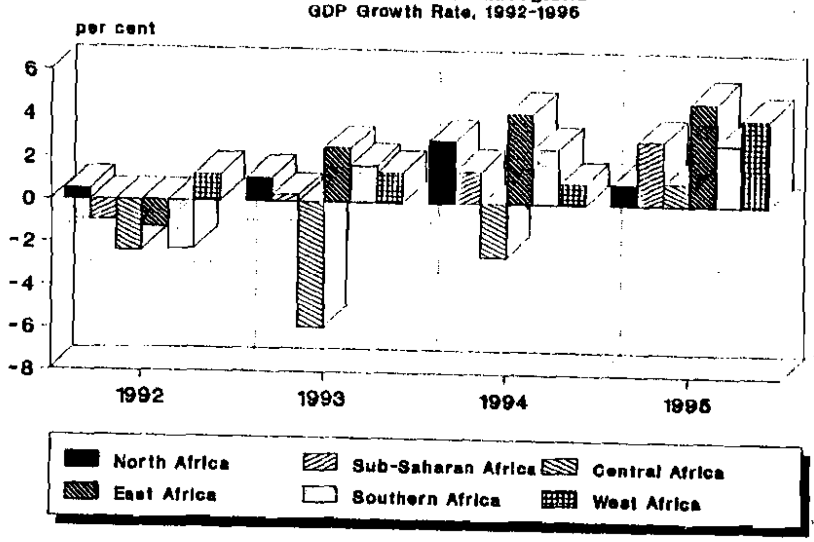
1. Overview of subregional growth

31. For a continent as large and diverse as Africa, average continental trends naturally mask wide differences in performance among groups of countries (table I.7). In 1995, the West, Eastern and Southern African subregions registered growth rates in excess of the regional average, owing to the improved per-formance in their agricultural and mining sectors. GDP in West Africa grew by 4.1 per cent in 1995, compared to an increase of only 1.0 per cent in 1994; while in Eastern and Southern Africa it grew respec-tively by 4.8 and 2.9 per cent as against 4.2 and 2.6 per cent in 1994. GDP growth has been limited to a mere 1.1 per cent in Central Africa on account of continuing poor economic performance in Burundi, Cameroon, the Congo, Rwanda and Zaire.

2. North Africa: Growth deceleration

32. In North Africa, which accounts for over half of overall African regional output, there was a deceleration in GDP growth rate from 2.9 per cent in 1994 to 1 per cent in 1995, due mainly to falls of 5 per cent in real output in Morocco and 6 per cent in the Sudan. According to FAO, aggregate cereals production fell in the subregion to 22 million tons, which was about 4.7 million metric tonnes or 18 per cent below the previous years above-average harvest. Output of wheat decreased by 22 per cent to 8.9 million tons while the coarse grains crop dropped by 2.5 million tons to 8.3 million tons. These declines were due principally to drastic reductions

FIG 5 : African Subregions
GDP Growth Rate, 1992-1995



in wheat and barley harvests in Morocco as a result of severe drought, the resulting shortfalls in supply being met through increased importation. In Tunisia, both wheat and barley crops remained markedly below average for the second year while pollution and over-fishing reduced fish catches. Above-normal wheat harvests were recorded for Algeria where production almost doubled and output of barley almost tripled, and in Egypt which experienced an increase in the area under cultivation and a 4 per cent increase in paddy-rice production. The increasing success with food surpluses in Egypt is associated to a large extent with sustained government policies on infrastructural development, including land reclamation, provision of assistance for the improvement of agronomic research and practices and the raising of producer prices to remunerative levels.

33. Manufacturing industry also performed poorly in the subregion in 1995, in Algeria and especially in the

Table I.7: Output share and growth rate by subregion and economic grouping

	Per capita GDP at 1990 $US	GDP percentage regional share	Growth rate percentage at 1990 prices						
	1994	1994	1990	1991	1992	1993	1994	1995	1990-94
Central Africa	438	8.7	0.1	-1.0	-2.4	-5.9	-2.5	1.1	-3.0
East Africa	190	6.4	2.8	1.1	-1.3	2.5	4.2	4.8	1.6
North Africa	1249	40.8	2.6	3.5	0.5	1.1	2.9	1.0	2.0
Southern Africa	1371	27.4	0.2	-0.1	-2.3	1.7	2.6	2.9	0.4
West Africa	362	16.8	-3.4	10.8	1.2	1.4	1.0	4.1	3.5
Sub-Saharan Africa	513	61.4	-0.6	3.0	-1.0	0.3	1.5	3.0	0.9
Sub-Saharan Africa without Nigeria and South Africa	363	30.8	-2.8	6.2	-1.4	-0.2	-0.3	3.0	1.0
Sahel zone	368	5.9	0.7	6.7	3.2	-1.3	1.9	1.9	2.6
Oil exporters	882	46.4	2.9	2.9	0.1	0.6	1.6	2.3	1.3
Non-oil exporters	538	53.6	-1.1	3.1	-1.1	0.8	2.5	2.3	1.3
LDCs	229	16.0	1.1	1.8	-0.0	-2.4	-1.6	2.4	-0.6
Non-LDCs	1020	84.0	0.6	3.3	-0.7	1.3	2.8	2.3	1.7
Franc zone	574	10.7	-0.7	0.6	-1.9	-0.3	1.5	3.6	-0.0
Mineral exporters	1034	30.4	0.4	-0.9	-1.7	-1.0	1.5	2.8	-0.5
Beverage exporters	260	10.0	-9.4	13.2	-0.5	1.4	1.8	5.5	3.9
All Africa	657	100.00	0.7	3.0	-0.5	0.7	2.1	2.3	1.3

Source: ECA secretariat.

Sudan where negative growth rates prevailed in manufacturing valued added (MVA) due in part to shortages of foreign exchange for the importation of basic industrial inputs. However, crude oil production seemed to have been immune to the mounting political uncertainties and security situation in Algeria in 1995. Total production rose by an estimated 2.3 per cent to reach 60.52 million tons although several foreign companies had pulled back from new commitments and concessions, with the exception of a number of oil field development projects and Sonatrach's construction and expansion of gas pipelines to Europe which proceeded on schedule. Oil production was also on the increase in the Libyan Arab Jamahiriya, despite United Nations sanctions, and in Egypt as well. Only in Tunisia did oil output decline, from 4.51 million tons in 1994 to 4.48 million tons in 1995. The economy of the Libyan Arab Jamahiriya is estimated to have grown by 1.5 per cent in 1995, following years of output declines and economic difficulties, especially export and import disruptions, brought on by sanctions. Phosphate rock production increased in Egypt, Morocco and Tunisia during 1995, making Tunisia the world's fifth largest exporter.

3. West Africa: Strong rebound in growth

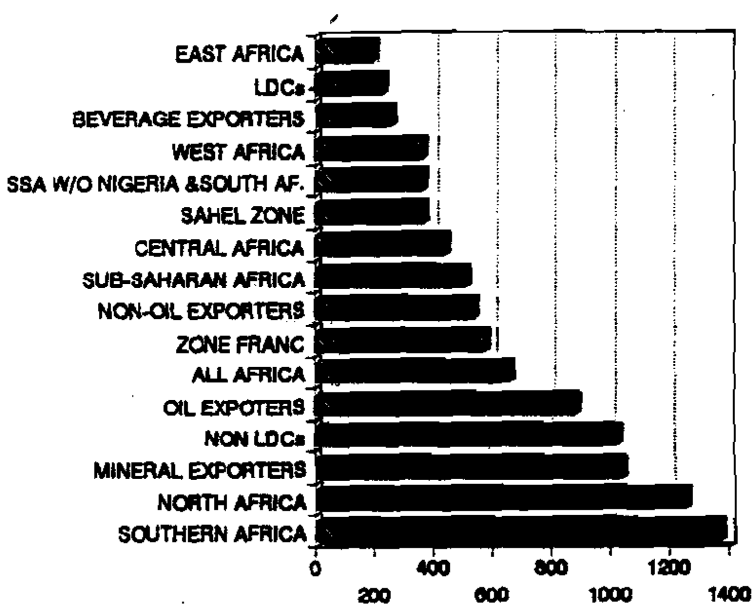
34. In the West African subregion, growth was buoyant in 1995, with real GDP increasing by 4 per cent, in comparison with the 1.0 per cent growth rate achieved in 1994. There was only a small recovery in GDP growth in Nigeria in 1995, but Côte d'Ivoire, the largest CFA economy in the subregion, is reported to have achieved a growth rate of 6.5 per cent in 1995, as against 1.7 per cent in 1994. Due to relatively regular and abundant rains and a low incidence of pest infestation, production of cereals, roots and tubers is estimated to have increased markedly in 1995 in the Sahelian countries of the subregion, except Chad, Mali and the Niger. In the coastal countries, except Liberia and Sierra Leone where population displacements and insecurity severely disrupted agricultural production and the food supply situation, cereal production ranged from normal to above-normal, estimated at 21 million tons. Total cereal production for the subregion is estimated at 28.0 million tons for 1995, compared to 28.9 million tons for 1994 and 29.5 million tons for 1993.

35. Paddy-rice output rose by 0.4 million tons to 6.0 million tons. Côte d'Ivoire and Ghana had larger crop harvests in 1995, even though severe flooding and ethnic conflicts in the northern provinces at the beginning of the year disrupted millet, sorghum and rice production in some areas. Nigeria's paddy-rice production increased by 21 per cent from 2.4 million tons to 2.9 million tons. In contrast, Sierra Leone's paddy-rice harvest was 284,000 million tons, 30 per cent less than that of the previous year as civil war severely disrupted production. Liberia's 1995 paddy-rice output was

60,000 tons, about a quarter of the pre-crisis level; production in 1995 dropped by some 77 per cent for rice and 50 per cent for cassava compared to the pre-civil war levels. Population displacements left large tracts of agricultural land deserted and uncultivated in these two countries; with the civil war taking a heavy toll on rubber, timber logs and iron ore production in Liberia and diamond mining in Sierra Leone. Cocoa production increased significantly in Côte d'Ivoire and Ghana in 1995 due to good weather and increases in producer prices to remunerative levels.

36. The growth performance of manufacturing industry in the subregion was adversely affected by the unsettled situation of Nigeria where problems of a battered infrastructure, collapsing consumer demand, inflation and internal political difficulties arising from a stalled transition programme have forced manufacturers to cut output and jobs sharply. Crude oil production experienced disruptions and operational difficulties during 1995, jeopardising progress on strategic joint projects, while capacity utilization of 27 per cent achieved in the manufacturing sector in 1995 was the lowest in Nigeria in 12 years. In contrast, the performance of the industrial sector in Ghana in 1995 was more than double the dismal level recorded in 1994, driven for the most part by increases in gold output. In Guinea, high production costs have continued to harm output from the alumina factory while iron ore production in Liberia has been adversely affected by civil war.

Fig. 6 GDP PER CAPITA BY SUBREGION FOR 1995 (IN 1990 US DOLLARS)



4. Central Africa: Weakness persists

37. The economy of the Central African subregion showed a modest upturn in 1995, compared to the negative trends in GDP growth since 1990. Subregional GDP grew by 1.1 per cent compared to the declines of the -2.5 per cent in 1994 and 3.0 per cent on average for the period 1990-1994. The free fall of the economy of Zaire - the largest in the subregion - continued in 1995, albeit with some significant modulation. There was indeed a small recovery of 0.6 per cent in GDP growth rate, compared to the decline of 7.2 per cent in 1994. But inflationary pressures remained strong while the scarcity of foreign exchange deepened. Agriculture was perhaps the saving grace, with buoyant harvests of coarse grains in 1995, following favourable growing conditions although lack of transport and poor marketing infrastructure are still major constraints in Zaire. Added to that was the rather small recovery in copper production, estimated at about a 34 per cent increase over the output level of 1994 which in itself was the lowest in the country in decades.

38. Economic performance of the three oil exporters in the subregion - Cameroon, the Congo and Gabon - remained poor in 1995. Economic activities were hampered in the Congo by continuing budgetary and debt-servicing problems, an over-sized civil service and a private sector that is yet to be fully empowered. Aggregate cereals production was above average in almost all countries of the subregion, but in Rwanda and Burundi, insecurity in certain parts and the slow repatriation of refugees from the United Republic of Tanzania and Zaire is disrupting food production, while the repercussions of political and ethnic turmoil on the economies of the subregion remain strong. With favourable weather conditions and improved input supply, food production increased by about 17 per cent in Burundi in 1995, but still the country needed some 104,000 tons of cereals and vegetables to make up for its food deficit. Land under cultivation in Rwanda had shrunk by almost 34 per cent and the fragility of the food supply situation was most evident in the decline of more than 40 per cent in cereals production in 1995, a reminder that complete rehabilitation of the agricultural sector will take several years to accomplish.

5. Eastern Africa: Agriculture drives modest rebound

39. Overall GDP growth rate in Eastern Africa was 4.8 per cent in 1995, compared to 4.2 per cent in 1994, attributable mainly to improvements in agricultural production. Cereal production increased in this subregion from 22.6 million metric tonnes in 1994 to 23.1 million metric tonnes in 1995, a rise of about 0.5 per cent. In 1994, cereal output increased from 19.1 million metric tonnes to 22.6 million metric tonnes, which was equivalent to an increase of 18 per cent. The subregion's output of wheat was 2.5 million tons, 15 per cent higher than that of 1994. Wheat production in Ethiopia and Kenya increased by 1.6 and 0.3 million tons respectively in 1995 as a result of expanded plantings and good yields. The subregion's coarse grain production in 1995 was 19.8 million tons, slightly higher than that of 1994. Due to favourable weather conditions, improved distribution of fertilizers and absence of migratory pests, the main season's coarse grain crop in 1995 was substantial in Ethiopia, and coffee production and exports also increased due to the combination of deregulation and crack-down on smuggling through Djibouti and the Sudan. Uganda's main coarse grains harvest of 2 million tons was a record. In contrast, production decreased by 11 per cent in Kenya in comparison to the 1994 harvest, but was still above average. The production of tea in the country rose by almost 20 per cent. Eritrea's production was 43 per cent less than that of 1994 as a result of erratic rains and localized pest damage. Somalia's main season's coarse grains production was reduced by one third because of severe pest infestation and poor rains.

6. Southern Africa: Drought dampens growth

40. In the Southern African subregion, GDP growth rate improved only marginally in 1995, rising to 2.9 per cent from 2.6 per cent in 1994. The modest rise in growth was due in part to political stability in the subregion, notably in Angola, Mozambique and South Africa. But output was severely reduced however in agriculture by drought. Aggregate cereals production in 1995 was 15.6 million metric tonnes, 37 per cent lower than in 1994. While wheat production showed a 0.9 million tons or 10 per cent increase, coarse grain production fell markedly in 1995, due to the devastating impact of drought in some countries. South Africa's wheat harvest of 2.3 million metric tonnes in 1995 was expected to be 28 per cent higher than that of 1994, but Zimbabwe's wheat crop was one-third of the previous year's production. The subregion's 1995 aggregate coarse grains output was extremely low, estimated at 10.5 million tons, 47 per cent lower than in 1994. Coarse grains harvest was particularly poor in South Africa and Zimbabwe, the leading coarse grain producers in the subregion.

41. On average, the manufacturing sector in the Southern African subregion continued to perform better than those of other subregions, recording MVA growth rates of 6.9 per cent in 1995 compared with 2.6 per cent in 1994. In South Africa, the largest economy of the subregion, manufacturing industry grew faster in 1995 than at any other time, with the motor industry, which includes the manufacture of parts and accessories, being among the fastest growing industries. During the first half of 1995, the manufacturing production index rose by a seasonally adjusted and annualized 12.8 per cent, in comparison with the preceding six months. Capacity utilization in manufacturing also increased steadily in the country, from a low of around 77 per cent in 1992 to a high of approximately 83 per cent in the first quarter of 1995. Another country in the subregion, Namibia, performed relatively better in 1995 than in 1994, with MVA growth rate of 13.5 per cent, as against 4.1 per cent in 1994. But manufacturing production declined in Zimbabwe due to high input costs, weak domestic demand, loss of competitiveness in textile export markets and cash-flow problems of manufacturing firms.

42. Gold mining output was on the increase in Namibia and, to a smaller extent, in Zimbabwe in 1995, but these increases were largely offset by reductions in output in South Africa, the largest gold producer on the continent. Several gold mines in South Africa have been suffering from lower ore grades and disruptions in production arising from labour unrest. In Zambia, production at Zambia Consolidated Copper Mine (ZCCM) had fallen to 384,400 tons in 1994 from 432,000 tons in 1993. Mine operations are affected by lack of capital investment, ore depletion, low recoveries at the Nchanga concentrator and operational problems at the Nkana smelter. Since March 1995, however, production had peaked and preliminary indications are that it remained high for the rest of the year bringing total output to 390,000 tons, an increase of 2 per cent over the preceding year. In Botswana, the recovery in the domestic economy remained weak in 1995 mainly due to the weak performance of the mining sector.

C. Policy Developments in 1995

1. Market-friendly macroeconomic policy stance and reforms

43. African countries undertook major domestic reform measures in 1995, aimed at achieving greater coherence and prudence in fiscal, monetary and trade policy. Demand management, in the form of budgetary reforms and restrictions on credit and monetary expan-

sion, constituted one of the widely used policy instruments. Containment of the growth of public expenditure and the application of austerity measures and civil service reforms aimed at the rationalization of the structure of the public sector were pursued with vigour in many countries of the region, with the brunt of adjustment continuing to fall on necessary investment in vital services and infrastructure and limitations on budgetary subsidies. Privatization and commercialization of poorly run public enterprises was contemplated also in some countries, although concrete achievements and outcomes fell far short of plans in many cases.

44. The principal concern of fiscal policy in the majority of African countries centred on the persistent problem of huge budget deficits, the financing of which contributed to inflation and inflationary expectations in the economy. There is an increasing realization in African countries that greater fiscal discipline is essential in controlling inflation which, in the past, was a major factor in the stagnation of many African economies and falling standards of living. The curtailment of public expenditure has never been easy, however, given the various political and social pressures on governments to guarantee some minimum levels of social welfare to the population and to maintain military spending in an increasingly turbulent and insecure socio-political environment. Some governments introduced measures designed to improve the productivity of public expenditure and investment through prioritization, streamlining and rationalization of the government budget. In a few countries, the underspending in both recurrent and development budgets, brought about by continued constraints in implementation capacity, has accounted for a seemingly better than anticipated overall budget outturn.

45. Virtually all countries in the region experienced positive rates of growth in government revenue in 1995, but the performance generally fell short of budgetary estimates and targets, owing to the continued poor growth performance in many economies and the erosion of the taxable base for excise duties, indirect taxes and direct income taxes. Tax reform was a key component of the economic stabilization and revenue generation programmes of many governments, involving rationalization of tariff structure, including a lowering of import duties and excise taxes with a view to discouraging evasion and limiting disincentive effects; fiscal decentralization policies, including the devolution of tax collection to lower levels of government; and introduction of value added tax (VAT) and presumptive taxation in order to broaden the tax base, e.g., in Nigeria, Zambia and Ghana. The withdrawal of the VAT in Ghana in June 1995, almost within three months of its introduction, is particularly significant in underscoring some of the difficulties in its implementation and the need for careful preparation and close consultation with tax payers for its introduction. In the particular case of Ghana, the misapplication of the VAT by distributors and traders was so widespread and in some cases, even arbitrary that the tax had to be withdrawn in order to contain the adverse effects on consumer prices. Some of the other revenue policy measures undertaken in African countries in 1995 included the introduction of government debt instruments, i.e., bonds, treasury bills, for sale to the public.

46. There was a lull in monetary expansion in most African countries in 1995 due in part to reduced recourse to credit expansion to finance deficits and the rise in interest rates, but the excessive liquidity associated with high levels of monetary expansion in previous years was strong enough in some cases to fuel inflation in 1995. In Ghana, there was a budget surplus of ¢52.6 billion or 1.1 per cent of GDP in 1995 and further modulations in money supply, but average inflation more than doubled, from 24.2 per cent in 1994 to 56.5 per cent in 1995, due to inadequate levels of food supply, especially during the first quarter of the year, and adverse price effects resulting from the attendant confusion in the introduction of the VAT in March 1995. In Zaire, on the other hand, where deficit financing through monetary creation was the main determinant of hyper-inflation in recent years, money supply contracted greatly in 1995 and, together with rationalization of public finances, this succeeded in bringing down the rate of inflation from 9,797 per cent in 1994 to 370.3 per cent in 1995.

47. As can be seen from table I.8, Nigeria apparently succeeded in 1995 in eliminating budget deficits that had almost become a fiscal nightmare in the last few years, although that achievement has not guaranteed price stability even in the face of exchange rate stability. This is

Table I.8: Fiscal deficits/surplus in Nigerian Budgets, 1988-1996

Year	Budget deficit (-) Surplus (+) (billions of naira)	% of GDP
1988	-12.2	8.5
1989	-15.3	7.9
1990	-23.5	10.1
1991	-35.3	12.4
1992	-43.8	9.8
1993	-90.0	15.4
1994	-81.0	9.0
1995	+ 1.0	0.06
1996*	+ 19.0	1.15

Source: Annual budgets of the Federal Government of Nigeria.

Note: * Forecast.

because, in addition to spirited attempts at greater fiscal control, the country had reneged on payments of domestic debt obligations and neglected development spending and maintenance of vital services and infrastructure in order to achieve the goal of budgetary balance. Given the inadequate supply and high cost of foreign exchange and the stabiliza-tion of the naira exchange rate at relatively high levels, high nominal interest rates and import duties, the imposition of VAT on virtually all products and the seasonal shortage of food staples, inflation soared in Nigeria in 1995.

48. The emphasis in several of the reform programmes in Africa hinges on incentives for savings and measures to stimulate investment and the empowerment of the private sector. Indeed, financial sector reforms in countries such as Kenya, Nigeria, Uganda and Zambia included the strengthening of the regula-tory framework and prudent guidelines for banking and non-banking financial institutions calculated to safe-guard public confidence and streamline operational viability and effectiveness of the financial sector. In Cameroon, a new rural financial institution, the "Crédit rural décentralisé" was established in July 1995 to provide credit to and mobilize savings from the rural sector.

49. Privatization of inefficient public enterprises continued apace in 1995 as a result of which the share of private sector enterprises in the development process has assumed an increasing proportion in several countries. In Egypt, for example, deregulation of trade and businesses has been among the most preferred policy packages for boosting investment under the government privatization programme which began in 1991. A number of institutional reforms were instituted to improve management standards and to raise the level of productivity, particularly in agriculture and manufacturing. In its public sector reform and restructuring programme, the Government decided to scale down the number of inefficient public enterprises from 109 in 1991 to 99 by June 1995 and to only 12 by 1997. Two national companies were privatized in Senegal in 1995. Under the privatization law adopted in Algeria in 1995, some 1,260 public enterprises are to be sold off. Uganda embarked on price de-control and liberalization.

50. Mechanisms to ease the bureaucratic procedures in granting licences and permits for the establishment of business enterprises were put in place in many countries in 1995, including the simpli-fication of investment approval processes through "one-stop" investment centres, establishment of investment promotion institutions and increased use of representative offices abroad to publicize local investment oppor-tunities. For example, in an attempt to create a more conducive environment for investments by small- and medium-scale enterprises, the Government of Malawi established export processing zones (EPZs) in 1995, offering a special package of incentives including reductions in corporate tax to 15 per cent, special tax exemptions and incentives, reduction in import duties and utility tariffs and a five-year tax holiday. A new and more liberal mining code, to replace the one promulgated in 1964, was introduced in Côte d'Ivoire in 1995 with much simplified procedures, while a new investment centre for the promotion of investment was established.

51. Price support policies were discontinued in a few African countries in 1995 in favour of price and exchange rate liberalization aimed at ensuring remunerative producer prices and productivity incentives. In Morocco, for example, in 1995, the economic and financial policy was based on further liberalization of prices and removal of remaining restrictions on imports. More retail prices were freed from control, leaving only 15 per cent of items of domestic consumption under control. A further 8 per cent of imports became exempt from restrictions, bringing the total to 91.5 per cent. Egypt undertook liberalization of interest rates, phasing out subsidies and removing price controls and constraints on imports. In Ethiopia, important policy initiatives continued to be implemented to emancipate the economy from the shackles of the previous era of central planning, including reductions in budgetary support for public enterprises. Several other measures put in place by some of the countries in the region for the development of the industrial sector included the promotion of export-oriented and import-substituting industries and the provision of economic and financial incentives to attract foreign capital. In particular, national regulatory frameworks conducive to FDI have been evolved in many countries, permitting easier repatriation of profit and providing tax concession and other incentives to attract such investments. Nigeria, for example, in an effort to improve the investment climate and encourage the flow of investments into the country, did away with certain restrictive laws especially those relating to the repatriation of profits and ownership structure. It repealed the Exchange Control Act of 1962 with the aim of enhancing increased flows of investment and investible funds and abrogated the Nigeria Enterprises Promotion Decree of 1989 which hitherto had restricted foreign participation in certain aspects of the economy. Introduction of exchange control liberalisation in Botswana sinc January 1995 have made it possible for business concerns to procure imported inputs more easily and quickly, thereby lowering the cost of doing business. In addition, there were wage restraints, restructuring of parastatals and reductions in corporate tax rates in the country, aimed at resuscitating the economy and at encouraging for economic diversification.

52. With regard to the mining sector, the deregulation and liberalization that began in African countries in the late 1980s continued in 1995, with some governments introducing new land and mineral legislation as well as fiscal reforms aimed at enhancing the role of the private sector. Particular attention was given to such issues as the degree of public sector participation in the development of mineral resources; the proper balance between national and foreign private sectors including the role of small- and medium-sized enter-prises; and the appropriate regulatory framework for the encouragement of foreign investment. Emphasis is increasingly placed on the integration of the mineral sector with other production sectors and the service subsector at national, subregional and regional levels and on avoiding damage to the environment. In Nigeria, for example, more allowances were granted to the mining sector through the increase of initial allowances from 20 to 30 per cent. Côte d'Ivoire introduced a new mining code while the Central African Republic, in addition to re-using the legal framework for the mining sector and providing incentives in terms of reduced taxation, it also introduced a new diamond stock market. However, despite the reforms in the mining sector in many African countries and the spurt in exploration and mining investment, particularly in the precious metals and minerals sector, including gold, diamonds and other gemstones, mineral production has remained export-oriented, with little or no forward linkages.

2. Trade and exchange rate policies

53. As far as the external sector is concerned, the policies of export promotion and import curtailment are yet to bear fruit in many African countries. Africa's exports have not increased significantly in the short run owing to their inelastic structures and the increased competition on the world market. Import curtailment has, on the other hand, been hamstrung by the high elasticity of imports relative to domestic economic output. Only 15 African countries managed to maintain or increase the ratio of exports to GDP during 1995 whereas the majority of the countries experienced expanded import bills relative to GDP.

54. Perhaps the most important demand management instrument that has been widely used in the external sector of virtually all African adjusting countries including, for the first time in 1994 the CFA zone coun-tries, is the foreign exchange rate. The magnitude of devaluation of African currencies has been quite large, reaching more than 50 per cent against the United States dollar in many cases, with some countries devaluing their currencies several times over within a short space of time and in large doses. Two currency devalua-tions took place in 1995: one in Rwanda in March by 37.7 per cent and the other in the Libyan Arab Jamahiriya in November by 15.5 per cent. African countries have moved progressively towards market-determined exchange rates and interest rates. The liberalization of foreign exchange rates has resulted in significant creeping depreciation of currencies and the narrowing of the differential between "official exchange rates" and "parallel rates". As of mid-1995, 17 African countries had adopted an "independently floating" exchange rate regime, seven were on a "managed float" system, five on a "composite currency basket" system and 29 countries were still on a "single currency reserve system", with the largest of these in the CFA franc zone. A number of African countries, including Kenya, the United Republic of Tanzania, Uganda and Zimbabwe, acceded to article VII of the IMF Articles of Agreement, thereby committing them-selves to the non-reimposition of restrictions on transactions on the current and, possibly, capital accounts.

3. New Inputs for regional integration and development

55. In 1995, African Governments, acting through the Organization of African Unity (OAU), reiterated their commitment to relaunch and strengthen their development efforts in the Cairo Agenda for Action (1995) for relaunching Africa's economic and social development. They expressed in particular the need to enhance their cooperation in the implementation of the Abuja Treaty, following its entry into force in May 1994, and to firm up the modalities for operationalizing the Treaty through the strengthening of the regional economic communities that are the pillars of the African common market. In that regard, the draft protocol on the relationship between the African Economic Community and the regional economic communities was examined and revised during the year at a meeting between the Joint OAU/ECA/ADB Secretariat and representatives of the regional economic communities.

56. Within the institutional framework provided by the African Economic Community, the subregional groupings are required to harmonize and coordinate their activities and policies at the regional level if the implementation of trade liberalization and cooperation programmes and projects is to be more effective within the region. Some of the concrete steps that were taken in 1995 to enhance the role of the regional economic communities in the implementation of the Abuja Treaty included the conduct of a comprehensive feasibility study on financial sustainability and self-financing mechanisms on the part of the regional economic communities and the rationalization of the activities of those communities and their possible harmonization with those of the African Economic Community.

57. In Central Africa, the Economic and Customs Union of the Economic Community of Central African States (ECCAS) has adopted a tax and customs reform resulting in a single and simplified common external tariff, a generalized preferential tariff of 20 per cent for intra-Community trade and a turnover tax which is to pave the way for the introduction of VAT. The tax systems of the various countries are to be harmonized. In North Africa, Algeria, Egypt, Morocco and Tunisia signed a trade pact and a new coopera-tion agreement with their European trading partners, replacing the one of 1976, in the fields of economic, scientific, social and cultural exchanges and with a view to facilitating the gradual establishment of a free trade zone for industrial products and services and the free flow of finance. In Southern Africa, further progress was made in 1995 in community building with the signing of two instruments at the SADC Summit: (i) the Shared Watercourse Systems Protocol, designed to facilitate optimal usage and conservation of shared watercourse systems in the subregion; and, (ii) the Southern African Power Pool Agreement aimed at the creation of a common pool for electricity, with a view to minimizing costs and maintaining reliability and self-sufficiency of supply in the subregion.

58. One of the major means of facilitating the integration process is the development of transport and communications. The tenth Conference of African Ministers of Transport and Communications, held in Addis Ababa in March 1995, reaffirmed the continued relevance and critical importance of the second United Nations Transport and Communications Decade in Africa (UNTACDA II), urging member States to make every effort to support the national coordination committees and to facilitate, encourage and strengthen the activities of the national initiatives in fund-raising and implementation, taking into account the environmental impact of transport and communications projects. The meeting decided to reactivate the Trans-African Highways Bureau and to implement the Yamoussoukro Declaration on a new African air transport policy, urging United Nations institutions as well as African financial institutions to lend their support to the achieve-ment of the goals of UNTACDA II.

59. In addition to commitments to the reactivation of cooperation in the fields of traditional means of communication, African countries have started to realize the importance of electronic communication facili-tated by the growing influence of the information technology revolution. But movement towards full connectivity remains a big challenge since it requires purposive political action for the reshaping of the exist-ing telecommunications regulatory frame and adequate financial resources for updating communication infra-structure. Twelve pioneer countries in Africa which are now fully linked to Internet have been experiencing reforms of their communication systems as they transferred some of their prerogatives to the private sector.

4. Social development: The promise of global conferences

60. The year 1995, as with 1994, witnessed many important events that will have a salutary effect in advancing social development in Africa. The United Nations Social Summit, held in Copenhagen, Denmark, in March 1995, which brought together 13,000 participants from more than 180 countries, 10,000 observers and 3,000 non-governmental organizations (NGOs), agreed on a social contract to eradicate poverty and unemployment and build a new social solidarity across the world. Copenhagen was part of a series of United Nations conferences - including the Rio Earth Summit (1992), the Vienna Human Rights Summit (1993), the Cairo population summit (1994) and the Beijing women's summit (1995) - which aimed to pro-vide a manifesto on global social organization for the millennium. These different initiatives and particularly the Social Summit were important for Africa which, in spite of having 33 out of the 47 LDCs in the world, attracted barely 6 per cent of the international investment needed to fight growing poverty. Partly as a result of the awareness and deep concerns generated by these conferences, sub-Saharan Africa had, by the end of 1995, emerged as the major development challenge in the world. The Copenhagen Summit concluded by adopting the so-called "20-20 principle" according to which donor countries should reserve 20 per cent of their aid budgets for African social development, while the recipient countries correspondingly commit at least 20 per cent of their national budgets and match the external resources. The expectation is that this will act as a catalyst to the promotion of employment, equality between men and women, universal access to education, adequate health care, and protection of workers' rights.

61. The fourth World Conference on Women, held in Beijing, China, from 4 to 15 September 1995, adopted the Beijing Declaration on Women and the Platform for Action. The Platform for Action endorses and encompasses the African Platform for Action adopted earlier in Dakar, Senegal, in November 1994, underlying the need to empower African women politically and economically, increase their education and training in science and technology, support their vital role in society and the family and protect their legal and human rights. With the Beijing Declaration on Women and the Platform of Action, the world now has in place a comprehensive action plan for enhancing globally the social, economic and political empowerment of women, for improving

their health and advancing their education and training and for promoting their marital and sexual rights and putting an end to gender-based violence. Through the Beijing Conference, the world has come to recognize the crucial role of women in sustainable development and in the protection of the environment, to appreciate better the human rights of women as an inalienable, integral and indivisible part of universal human rights and to see access to health, maternal care and family-planning facilities and education and information as essential ingredients in the exercise of such rights.

62. In Africa, women are increasingly becoming the hub of development in some countries and the main income earners for a majority of households, particularly in agriculture where they play a key role in food production activities as well as in the traditional domestic chores. Still, in many parts of Africa, cultural traits and taboos have continued to underpin the marginalization of women in the development process: low rate of participation of women in areas of education and labour force, their relatively high unemployment rate in the formal sector, as compared to men as well as their lack of access to credit facilities for investment in self-employment generating activities. These are some of the constraints that still inhibit gender equality in the African region and it is to be hoped that genuine efforts will be made by African Governments and peoples and their development partners to enhance the status of women and improve their participation in the development process within the framework of the Beijing Declaration and the Platform for Action.

II. The Social Situation in 1995 and Policy Challenges

63. The over-arching objective of this review of the trends in demography, education, health, employment and the refugee situation in Africa is to once again highlight the critical needs for African countries to restructure and reorientate their policies towards enhanced social development in consonance with the goal of poverty reduction. Absolute poverty in sub-Saharan Africa has been on the increase for many years. With estimates indicating that the number of poor people has been increasing by 8 to 9 million annually, almost half the population of sub-Saharan Africa will be living below the poverty line by the year 2000.

A. Unsustainable Population Trends

64. The population in ECA member States, according to median variant of the United Nations estimates, was about 728 million in mid-1995, expected to reach 832 million by the year 2000 (table II.1). At the current annual growth rate of 2.9 per cent, the population would double in approximately 24 years. Under the high growth scenario, the population is projected to reach a staggering 1,456 million by the year 2020 on account of high fertility. The policy to mitigate the rate of growth would have to target reductions in fertility while further upgrading and expanding health services qualitatively and quantitatively.

1. Alarmingly high fertility levels

Table II.1: African population, by subregion, 1990-2000: Medium variant

Subregions	Population (1000s)	
	1995	2000
Eastern Africa	227107	261292
Central Africa	82326	95577
Northern Africa	160582	178443
Southern Africa	47396	53004
Western Africa	210663	243280
Africa	728074	831596

Source: World Population Prospects, Population Division, Department for Economic and Social Information and Policy Analysis, United Nations, New York, 1995.

65. The issue of high fertility in Africa and its critical relation to maternal and child health, poverty and sustainable development has been seriously addressed in a number of fora. The most recent of these include the third African Population Conference, held in Dakar, Senegal, in December 1992 and the International Conference on Population and Development (ICPD) held in Cairo, Egypt, in September 1994. Following these important milestones, ECA organized in Abidjan, Côte d'Ivoire, an Experts and NGOs Workshop on the implementation of the Dakar/NGOR Declaration and the ICPD Programme of Action in 1995, in the framework of the Joint OAU/ECA/ADB Secretariat and in cooperation with the International Planned Parenthood Federation (IPPF) and the United Nations Population Fund (UNFPA). An important con-sequence of these conferences is the increasing number of ECA member States (26 in 1995 and possibly 29[3] in 1996) adopting specific population policies, including the reduction of fertility.

66. However, the total fertility rate for the region, especially in sub-Saharan Africa, is still comparatively high. Except for North Africa, which has a total fertility rate (TFR) of 4.7, total fertility rates in the region range from 6.2 to 6.9. Among other factors, high fertility levels have a negative impact on maternal mortality and on infant and child mortality and morbidity rates. However, contracep-tive prevalence rates have remained which are extremely low in Africa relative to other world regions, due to the lack of commitment and government policies in making modern contraceptive measures available, have recently increased, leading to slightly declining TFRs. For instance, ECA data indicate that "With regard to current use of any modern contraceptive method, rates are above 30 per cent in eight countries, namely Algeria (43 per cent), Botswana (32 per cent), Egypt (45 per cent), Mauritius (49 per cent), Morocco (36 per cent), South Africa (48 per cent), Tunisia (40 per cent) and Zimbabwe (36 per cent). These are followed by Kenya (27 per cent) and Namibia (26 per cent). In the remaining countries, the rates are between 10 and 13 per cent in two countries, between 5 and 9 per cent in six countries and below 5 per cent in 10 countries.[4]

2. Challenge of high dependency burden

67. As a result of high population increase, the dependency ratio in Africa is the highest in the world. The population of children aged 0-14 years constitutes almost 50 per cent of the total population. Africa's high dependency burden at 92 per cent compares unfavourably with 68 per cent in Latin America, 61 per cent in Asia, 51 per cent in North America and 50 per cent in Europe. An inevitable concomitant of a heavily youthful, non-productive population in Africa is the undue pressure exerted on already overstretched social infrastructure and

facilities, especially in the health, education and housing sectors.

68. The rapid increase in population and rural-urban migration also ensures that the demand for urban shelter and services expands more rapidly than their supply, leading to rising prices for urban land and housing and unprecedented squatting. The average density of occupation of dwelling rooms in Africa is estimated at 2.23 persons, with 40 to 85 per cent of the inhabitants living in slums and informal settlements, typified by poor sanitation, inadequate water and poor water quality, and inadequate garbage disposal. Much of the stock of buildings and infrastructure for human settlements in Africa is old and in a state of disrepair and therefore unsuited for current use without rehabilitation or rebuilding.

B. The Health Situation

1. Deteriorating institutional and physical Infrastructure

69. The health sector continues to bear a disproportionate burden of the ongoing socio-economic crisis. In many countries, the exodus of doctors, nurses and technicians, compounded by declining or stagnating public expenditure on health, have culminated in a virtual collapse of the health infrastructure. For instance, the average expenditure on the health sector in sub-Saharan Africa rarely exceeds about 5.0 per cent of GDP. Because the health policies of most member States are yet to be grounded in preventive and primary health care, a large proportion of public expenditure on health, sometimes as high as 60 per cent, goes towards curative services in a few teaching hospitals. At the current level of Africa's economic development, focusing on primary health care is the only viable strategy for achieving health for all in the foreseeable future. For over a decade, the WHO Africa Regional Office has been exhorting African countries to rethink their health policies and reverse the concentration of the meagre health services in a few urban areas. The district and community focus in health care provision which underpins the WHO/Africa Regional Office framework for health policy development and for achieving health for all by the year 2000 is yet to receive universal endorsement in Africa.

70. In many countries, an overwhelming majority of health workers, sometimes as many as 90 per cent of doctors, nurses and other essential health workers, are concentrated in a few urban areas. Rural communities are also disadvantaged vis-à-vis institutional and infrastractural facilities. For example, more than 50 per cent of the African population do not have access to modern health facilities and 30 per cent have no access to safe drinking water and sanitation. In many cases, over 60 per cent of people in the rural areas have no access to these facilities. High levels of maternal, child and infant mortality and low rates of immunization are symptomatic of the gross neglect of Africa's rural communities. As can be seen from table II.2, the rural sector is seriously disadvantaged in the provision of health and health-related services. There are significant variations also in the provision of these services as between subregions and countries within the same subregion. Studies indicate that the few modern health centres that do exist are too far apart and poorly equipped to justify the enormous costs to patients, both in terms of time and money involved.

Table II.2: Some health indicators in selected African countries (in percentage)

Country	Population with access to safe water 1990-1995		Population with adequate sanitation 1990-1995		Population with access to health services 1985-1995		Fully immunized 1-year-old children 1990-1994			
	Urban	Rural	Urban	Rural	Urban	Rural	TB*	Dip.**	Polio	Measles
Algeria	96	60	93	61	100	95	92	72	72	65
Egypt	97	61	80	26	100	99	95	90	91	90
Cameroon	57	43	64	36	44	39	46	31	31	31
Kenya	67	49	69	81	--	40	92	84	84	73
Namibia	87	42	77	12	87	47	100	79	79	68
Nigeria	63	26	40	30	85	62	46	41	35	41
Niger	46	55	71	4	99	30	32	20	20	19
Mozambique	44	17	61	11	100	30	78	55	55	65
Uganda	47	32	94	52	99	42	100	79	79	77
Zaire	37	23	46	11	40	17	43	29	29	33

Source: Extracted from UNICEF, State of the World's Children, 1995 and 1996.

* Tuberculosis

** Diptheria

2. Slow progress with preventive and community health care

71. Failure to implement preventive health care (PHC), with its emphasis on community health, has had profound ramifications on Africa's long-term development prospects. For instance, lack of basic sanitation and safe drinking water, which is integral to PHC, is responsible for diarrhoeal diseases which are among the leading causes of death among children under five years of age. Diarrhoeal diseases can easily be con-trolled by the provision of safe water and sanitation and through increased availability and use of relatively cheap oral rehydration therapy or salts (ORT/ORS). Recent data indicate ORT use rate in sub-Saharan Africa to be about 57 per cent, compared to the WHO recommended use rate of 80 per cent by the year 2000. However, with assistance from the United Nations Children's Fund (UNICEF), considerable progress has been made in recent years in African countries in the use of oral rehydration therapy. Sixteen countries in Africa have lifted use rate by 30 percentage points or more over the last decade.[5] Between 1987 to 1993, regional oral rehydration therapy use rate ranged from 10 per cent in Mali to 90 per cent in Zambia. In addition, public health education in various forms can considerably reduce such major impediments to health as malaria, sexually transmitted diseases (STDs) and severe malnutrition which contributes enormously to acute respiratory infections - the leading cause of death among African children.

3. Inadequate and lagging immunization programmes

72. In the African region, immunization against major killer diseases is below the target set by WHO for the mid-1990s. This is particularly the case in rural communities and in countries facing serious financial crisis and economic recession, or those mired in internecine wars and civil strife. Immunization in Africa, especially against the major childhood diseases, is significantly below the global average. Large outbreaks of diphtheria and measles continue to afflict children who otherwise could have been protected through early immunization programmes. Immunization ramifies into many aspects of child health. For instance, immuni-zation against measles and pertussis contribute significantly towards the containment of acute respiratory infections, especially pneumonia, which is the single biggest killer of children.

4. Containing the HIV/AIDS pandemic is a priority

73. Globally, the spread of HIV/AIDS continues to be rapid with an estimated 5,000 individuals being infected daily.[6] Despite weak epidemiological surveillance and serious under-reporting, WHO data indicates that HIV/AIDS is increasing at an alarming rate in Africa. Thus, most of these new infections are occurring in Africa where at least one million persons are being infected annually and the projected numbers for the year

Table II.3: AIDS cases reported to WHO by country/area based on reports received through 30 June 1995.

Country	1979-1992	1993	1994	1995	Total
Botswana	1078	870	968	194	3110
Burundi	6763	117	144	0	7024
Congo	5267	1206	1300	0	7773
Ethiopia	4884	5124	5558	2476	18042
Ghana	10305	2371	2330	0	15006
Côte dIvoire	14655	4012	6566	0	25236
Kenya	37029	11560	7347	637	56573
Malawi	26955	4916	4732	1070	37673
Mozambique	662	164	534	455	1815
Rwanda	9486	1220	0	0	10706
United Republic of Tanzania	42422	3327	219	0	45968
Uganda	38552	2641	4927	0	46120
Zaire	22159	588	3384	0	2613
Zambia	7124	22610	0	0	29734
Zimbabwe	18731	9174	10647	0	38552

Source: WHO Africa Regional Office, Brazzaville, Congo, 1995.

2000 are 20 million.[7] Within sub-Saharan Africa, HIV infection is unevenly distributed across geo-graphic areas, age groups and socio-economic classes. The percentage of the population infected with HIV ranges from less than 1 per cent across most of the continent to more than 25-30 per cent in certain cities in Eastern, Southern and Central Africa. The most seriously affected countries are those roughly clustered around Lake Victoria. They include Burundi, Central African Republic, the Congo, Kenya, Malawi, Rwanda, the United Republic of Tanzania, Uganda and Zaire. Table II.3 indicates that by June 1995 there were 270,667 AIDS cases reported to WHO/AFRO by country area offices. Of these cases, Kenya accounted for 20.9 per cent, Côte d'Ivoire 9.3 per cent, Malawi 13.9 per cent, the United Republic of Tanzania 17.0 per cent, Uganda 17.0 per cent, Zaire 9.7 per cent, Zambia 11.0 per cent and Zimbabwe 14.2 per cent. Previously, HIV/AIDS had not been a serious problem in the West African subregion, however, table II.3 indicates that HIV/AIDS is becoming a major health problem in Côte d'Ivoire and Ghana. This clearly indicates the need for vigilance and surveillance in countries that are still relatively free of the pandemic.

74. The HIV/AIDS scourge is now one of the leading causes of death among adults in a number of African countries. In countries severely affected by the pandemic, studies indicate that up to half of all hospital beds may be occupied by HIV/AIDS patients. Also, the pandemic is significantly associated with the upsurge of tuberculosis. Recent data by WHO indicates that in some communities, the incidence of TB in HIV seropositive patients may be as high as 90 per cent. Tuberculosis is the leading killer among com-municable diseases, but, as contended by WHO, the main obstacle to TB control is the lack of political will. Relatively inexpensive cure is readily available but not being widely used.[8] Political will is also critically needed to arrest the spread of STDs which are also heavily implicated in the spread of HIV. Currently, WHO estimates indicate that there are 65 million cases of STDs in sub-Saharan Africa. The risk of trans-mission and acquisition of HIV is five-twenty fold in the presence of STDs.[9]

75. In the absence of a cure, strategies have largely focused on changing human behaviour and attitudes. Emphasis on rural communities and urban households highlights the need for communication and action programmes which attempt to raise the consciousness of women, promote knowledge among youth, especially young girls, who are disproportionably vulnerable, and teach skills required to enforce the knowledge which has been disseminated. In some communities, there is a widespread belief that young girls, particularly those who are still virgins, are better sex partners since they are free of HIV infection. Long-distance truck drivers are known to seek very young girls for sex because of their presumed innocence.

76. Information campaigns have been successful in a number of countries which have increased the level of awareness regarding transmission routes, the need to alter sexual behaviour and reduce unprotected sexual contact. These include Madagascar, Rwanda and Zimbabwe. In Rwanda, out-of-school youth show evidence of reduction in risk-taking and positive changes in gender relations. In several countries, including Uganda and Zambia, the stigma attached to HIV/AIDS has been substantially reduced.[10] Governments are collaborating with community leaders, musicians, NGOs and international organizations in media campaigns. Thus in Zaire, pre- and post-campaign surveys in 1991 revealed a five-fold increase in condom use.[11] In the numerous mobilization programmes, various communication models have been developed including peer education, outreach communication, community initiative models and school clubs. The peer education approach has been one of the most successful.

C. Challenges to African Education

1. Less public spending in the face of more needs

77. The crisis in African education has intensified. Rapid population growth rates and severe cut-backs in public expenditure often in connection with debt rescheduling and economic restructuring, among other factors, have culminated in a near collapse of the educational infrastructure. Table II.4 shows public expenditure on education in sub-Saharan Africa to be the lowest in the world. The most severe cuts on education have been made in capital and recurrent expenditures for new construction, supplies, furniture, equipment for science laboratories and for repair and maintenance. In the light of the continuing socio-economic crisis, rehabilitation of decaying educational institutions has become daunting for most countries. Moreover, the public expenditure for all levels is disproportionately skewed in favour of higher education but that has not rescued this level of education from decaying infrastructure, low pay and poor working conditions, flight of teachers and industrial disputes that have kept classrooms and laboratories closed for months, if not years. On the other hand, data from many African countries indicate that at the primary level, there is practically no funding from central government except for teachers' salaries and allowances. In addition, the surge in unit costs is not accompanied by a marked improvement in the quality of education as a result of devaluation and rising inflation rate. Consequently, the contribution which education is expected to make to Africa's recovery and socio-economic development is clearly not yet on the horizon.

Table II.4: Public expenditure on education, 1980-1992								
Regions	US$ (billions)				Percentage of GNP			
	1980	1985	1990	1992	1980	1985	1990	1992
Sub-Saharan Africa	15.8	11.3	15.2	16.0	5.1	4.8	5.3	5.7
Arab States	18.0	23.6	24.7	26.0	4.1	5.8	5.2	5.6
Latin America/ Caribbean	34.2	28.9	47.1	56.8	3.9	4.0	4.1	4.4
Eastern Asia/Oceania	16.0	20.1	31.8	41.4	2.8	3.2	3.0	3.1
Southern Asia	12.8	14.7	35.8	60.4	4.1	3.3	3.9	4.4

Source: UNESCO, World Education Report, 1995.

2. Declining primary level enrolment

78. Even though the total enrolment of students at all levels has been on the increase, gross enrolment ratios at the primary level, as indicated in table II.5, have steadily declined from 76.0 in the mid-1980s to 74.3 per cent in 1992 and is further estimated to decline to 71.3 per cent by the year 2000. Persistent crisis at the first level is exemplified by declining standards culminating in high rates of attrition and repetition of classes, overcrowding, lack of basic teaching materials and low morale among teachers. The crisis is further exacerbated by parents' lack of confidence in the educational system due to the rising cost of educa-tion which is not accompanied by an increase in formal employment opportunities. Due to a myriad of cul-tural factors, girls have borne a more disproportionate burden of the ongoing crisis than boys. The continu-ing educational crisis at the primary level is particularly serious for Africa's long-term socio-economic development, considering that the highest rates of return to education are usually at the primary school level. Studies demonstrate unequivocally the positive relationship between sound primary education and such diverse spheres as human capital development, life expectancy, agricultural productivity, nutrition, fertility levels, income generation and child health. Education of girls at this level is even more important for sustainable development. "Poor primary schools often compromise the foundation for education. Their products are poorly prepared for secondary and tertiary education, and ill-equipped for lifelong learning."[12]

3. Middle and high level education also at crossroads

79. The problems of middle level education in secondary, grammar, teacher training and vocational and technical education are too vast to be adequately treated here. However, this level which should provide the foundation for the building of the middle classes and a modernizing economy also remains in a state of serious crisis with inadequate places and deteriorating quality.

80. Higher education in most African countries faces unprecedented crisis and calls for special attention from policy makers. A number of factors seem to have considerably exacerbated the situation. The most salient of these are, inter alia, incessant currency devaluations and high rates of inflation which reduce the already low salaries of teachers to well below subsistence levels; political interference in the operation of universities, including the appointment of principal officers and professors; frequent and prolonged closures of universities;[13] student boycotts of classes or strikes by lecturers and professors; lack of equipment and teaching materials; etc. These factors, compounded by political instability, translate into a continuous exodus of university teachers to foreign countries in search of better remuneration and working conditions, and this in turn leads to a further decline in the quality of higher education in particular, and education in general.

Table II.5: Past, present and projected enrolment at the primary level						
Year	Gross enrolment ratio			Total number of pupils (in millions)		
	Total	M	F	Total	M	F
1980	79.2	89.3	69.0	64.1	36.3	27.8
1990	72.9	79.8	65.8	79.5	43.8	35.7
1992	74.3	80.9	67.5	86.1	47.2	38.9
2000	71.7	78.1	65.3	104.5	57.2	47.3

Source: UNESCO, Report on the State of Education in Africa, "Education Strategies for the 1990s: Orientations and Achievements", UNESCO, Breda, 1995.

Box 3

EDUCATING GIRLS IN AFRICA

Thirty-six million girls in sub-Saharan Africa are out of school and those who gain access are poorly served. Even when the same number of girls and boys enrol in first grade, by fourth grade, 50 per cent of the female students would have dropped out. Sixty-four per cent leave school before they have acquired full literacy. By the end of the primary school cycle, the completion rate for girls is only 34 per cent. At secondary and tertiary levels, the discrepancies between boys' and girls' education increase radically. Only 10 per cent of girls as compared to 36 per cent of boys attend secondary school. Four times as many boys as girls continue to tertiary level. Four years of additional schooling for girls can increase agricultural production by 8 to 9 per cent. One year of additional schooling for girls can reduce infant mortality rates by approximately 6 per 1000.

Source: **Girls and African Education**, Federation of African Women Educationist (FAWE), Nairobi, Kenya, 1995; **Educating Girls and Women in Africa**, Pan-African Conference on the Education of Girls, Ouagadougou, Burkina Faso, 1993.

4. Number of adult illiterates on the increase

81. Non-formal education and literacy programmes have not grown fast enough to compensate for the shortfalls in the formal educational system. Although literacy ratios have risen, as can be seen from table II.6, the number of absolutely illiterate adults in the region is still increasing rapidly and is projected to reach 146.8 million by the year 2000. Non-enrolment and high attrition rates due to poverty and increasing cost of education at the primary level account largely for the rising illiteracy in the region. Available information indicates that the percentage of literacy is highest in Eastern and Southern Africa, followed by Central Africa and lowest in West Africa. The ratio is higher for males than for females with West Africa and North Africa exhibiting the lowest percentages.

Table II.6: Estimated adult literacy rates (percentages)*, 1980-2000

Regions	1980			1995			2000		
	MF	M	F	MF	M	F	MF	M	F
Sub-Saharan Africa	40.2	51.8	29.2	56.8	66.6	47.3	62.0	70.9	53.3
Arab States	40.8	55.0	26.2	56.6	68.4	44.2	61.5	72.2	50.1
Latin America/ Caribbean	79.7	82.1	77.5	86.6	87.7	85.5	88.2	89.0	87.4
Eastern Asia/ Oceania	69.3	80.4	58.0	83.6	90.6	76.3	86.8	92.8	80.6
Southern Asia	39.1	52.8	24.5	50.2	62.9	36.6	53.7	66.0	40.7

Source: UNESCO, World Education Report, 1995. The population data utilized are those of the United Nations Population Division database (1994 revision).

Notes: M = Male; F = Female

* Percentage of literate adults in the population aged 15 years and over.

D. Employment and Unemployment

1. Inadequate job and work opportunities

82. The 1995 World Summit for Social Development reiterated the inseparable link between poverty reduction and employment, stating, inter alia, that: "Productive work and employment are central elements of development... Sustained economic growth and sustainable development as well as the expansion of pro-ductive employment should go hand in hand. Full and adequately and appropriately remunerated employ-ment is an effective method of combating poverty and promoting social integration".[14] Creating enough jobs and productive employment to break the vicious cycle of poverty remains one of Africa's most daunting development challenges. The region's economies have not achieved enough employment creation or enough labour absorption capacity to keep pace with population growth, urbanization and the rising expectations of their citizens.

83. The labour force in Africa is growing at about 3 per cent per annum while productive employment lags behind at 2 per cent annually. According to the 1995 African Employment Report,[15] unemployment in the early 1990s was estimated at 20.0 per cent for the urban areas. The number of urban unemployed has been growing at the rate of 10.0 per cent annually and was estimated to

have reached a staggering 18.6 million in 1994. To arrest this trend, it is argued that the economies of the region will have to grow at a rate of about 5 to 6 per cent per annum in order to meet the employment needs of fresh entrants into the labour force and to reduce the number of poor people in the region.[16]

84. The unemployment problem remains critical in Africa. High levels of unemployment, particularly among educated people including university graduates, is alarmingly high in a number of African countries. The implications of large numbers of unemployed educated youth and university graduates are serious for Africa's social and political stability. Youth unemployment rates are about three to four times higher than for older workers, rising to some 40-50 per cent in some countries. Among women it is two to three times higher than among men, partly through gender biases, but also because about 60 per cent of African women over 15 are illiterate, compared to 40 per cent of men. It should be noted, however, that Africa's unemploy-ment figures do not fully reflect the actual situation. Given the small size of the formal sector, unemploy-ment figures mask many other related situations such as underemployment and under-utilization of skills, the size and capacity of the informal sector as well as the millions of women and girls engaged in hidden, non-accounted productive work in households, family enterprises and in farms.

2. Saturation of the informal sector sponge

85. The urban informal sector in Africa, despite low wages and low productivity, now accounts for about 60 per cent of urban employment and has to be recognized as the most significant structural change in African economies. The sector's capacity to absorb unemployed labour is demonstrated by the fact that in sub-Saharan Africa, informal sectors created 6 million jobs between 1980 and 1986, compared with 500,000 created in the formal sector over the same period.[17] The general policy towards this sector, therefore, should be to re-move administrative, fiscal and other obstacles to its growth and to facilitate its employment creation func-tions with access to training, credit and advisory serv-ices, productive inputs and improved pro-duction technology. Financial resources and investment in skills and infrastructure are urgently needed.

E. The Refugee Problem

Slow progress with repatriation and reintegration

86. The number of refugees and displaced persons in Africa remains extremely high. About 7 million are directly categorized as refugees in Africa. This does not include many internally displaced persons forced to flee their homes but were not registered in camps or with any institutions or persons who have privately sought asylum in other countries. As can be seen from the table II.7, 12 countries in Africa are responsible for over 5 million refugees, most of them from Eastern Africa. Office of the United Nations High Commissioner for Refugees (UNHCR)[18] estimates indicate that of the 27,418,000 who come under UNHCR concern, 11,816,000 are in Africa. This is in comparison to 5,018,300 for Asia, 1,876,400 for Europe, 109,000 for Latin America, 681,400 for North America and 51,200 for Oceania.

87. The primary causes of this phenomenal wave of human displacement are political (ethnic conflicts, civil wars), drought and famine. The latter is responsible for large-scale displacement of persons now termed environ-mental refugees.

Table II.7: Refugee population by country/territory of asylum and origin, 1995

Country of origin	Main countries of asylum	Total
Rwanda	Zaire, Tanzania, Burundi	2 157 000
Liberia	Côte d'Ivoire, Guinea	767 700
Somalia	Ethiopia, Kenya	455 000
Eritrea	Sudan	419 300
Sudan	Uganda, Zaire	291 900
Burundi	Tanzania, Zaire	382 800
Angola	Zaire, Zambia	264 660
Sierra Leone	Guinea, Liberia	275 100
Mozambique	South Africa	90 000
Chad	Sudan	141 400
Ethiopia	Sudan	160 600
Mali	Mauritania, Algeria,Burkina Faso	159 700

Source: United Nations High Commission for Refu-gees, The State of the world's Refugees, Oxford Uni-versity Press, New York, 1995, Table 3, pp. 248-249.

88. Conditions permitting, rapid and early voluntary repatriation of refugees to countries of origin is the only sustainable solution to the African refugee problem. Towards this end, there have been a number of positive developments, for example, the recent agreement be-tween Togo and UNHCR for the voluntary repatriation of Togolese citizens and the relative political stability in northern Mali and the Niger which is facilitating the return of Touareg refugees. In addition, in 1995 alone, 48,087 Eritrean refugees were repatriated from the Su-dan, 31,617 Ethiopian refugees were repatriated from Djibouti while many others registered for repatriation from the Sudan and Kenya to Ethiopia. The repatriation of 24,535 Mozambican refugees from Zimbabwe com-pleted the repatriation operation of all Mozambican refugees from Zimbabwe. The repatriation of Mozam-

bican refugees from six neighbouring countries has considerably lightened the current refugee burden on these countries and on the donor community. With regard to Rwanda, 39,634 Rwandan refugees were repatriated from Burundi, 13,060 from the United Republic of Tanzania, and 99,753 from Uganda and 85,988 from Zaire, in 1995. Peace in Angola should lead also to the return of more than 300,000 refugees and hundreds of thousands of displaced people, just as the 1995 Abuja peace agreement between the Liberian factions should, if sustained, hasten the process of voluntary repatriation.

F. Policy Framework for Social Development in Africa

1. What to target and how?

89. The crisis in the social sector remains severe in most ECA member States despite the modest economic recovery that is taking hold on the continent. There is little inter-sectoral coordination and co-operation among the various social sector institutions, and between them and the economic ministries, whether at the formulation or implementation stage. Instead, what obtains for now are inappropriate social development policies oriented towards the urban enclaves and lack of bottom-up approaches with emphasis on decentralization, self-reliance and community/grass-root involvement. A serious and sustained policy commitment to social development and greater coherence in social policy in Africa is urgently needed. It must incorporate adequately the formulation and implementation of social development policies, especially as they pertain to such issues as population, poverty reduction and sustainable human development, basic health, education, the pursuit of productive full employment for all and the integration of women in the development process. Such a holistic orientation and integrated approach to development must ineluctably conceive of social development as an integral and important component of sustainable and long-term socio-economic transformation. Besides, it needs to address the often-neglected issues of excessive rural-urban migration, food insecurity, high levels of unemployment and poverty. The provision of universal and com-pulsory basic education must be on the top of the social policy agenda, and so must be the provision of basic primary health care. The question of maternal and child health and family planning needs also to be addressed as it ramifies into such other areas as child and maternal health. Sustainable poverty reduction is inseparably linked to the issues of democratization and popular participation, which are today the most pressing issues on the African development agenda.

2. Achieving basic health for all is an imperative

90. Achieving basic health for all is thus imperative for poverty reduction and sustainable development. Policies are urgently needed to address the major obstacles to the provision of basic health services in Africa, in particular the predilection towards curative health care provision. To do so, integrated and coherent health policies must be grounded in the principles of primary health care and WHO/AFRO's African Health Development Framework which underlines the goals of health for all by the year 2000.

91. In consonance with the Bamako Initiative and Saitama Declaration, ECA member States must inten-sify efforts to develop strategies for health care financing community participation and mobilization for health care provision and extensive training for community health workers and the establishment of district health committees. The establishment of critical drug lists and cost-recovery mechanisms are essential components of sustainable preventive and community health care. Government expenditure in the health sector must be restructured in favour of preventive and community health care, paying particular attention to the rural and urban poor. Some of the areas needing urgent attention are maternal and child health services, especially immunization and family planning programmes, public health education, nutrition, sanitation and provision of safe drinking water, the containment of HIV/AIDS, sexually transmitted diseases and tuberculosis, promo-tion of healthy lifestyles and stable and safe environment. Under the Special Initiative for Africa, significant expansion of Africa's primary health facilities is projected over a 10-year period, under the theme, "New hope for the upcoming generation". With reduced military expenditure by national governments, more funding could be channelled to the sector. Negotiated "debt for health" swaps and debt cancellations can also enable African Governments to carry out extensive health sector reforms for primary health provision.

92. Declared a global emergency by WHO since 1993, the recrudescence of tuberculosis and its threat to public health in Africa is magnified by the high incidence of HIV/AIDS-related infections. Treatment, which is cheap and effective when available, must be linked to the treatment, containment and prevention of STDs and HIV/AIDS. Public health messages which warn people against casual sex with multiple partners, unprotected by condoms, should also include TB as a disease to guard against. Ministries of health, family planning and reproductive health agencies and centres must, with the assistance of United Nations agencies and NGOs, use the communication media, pharmacies and other health structures to issue information and ensure availability of

good quality condoms, as well as the appropriate treatment for HIV/AIDS and AIDS-related tuberculosis.

3. Greater linkages between education and the world of work

93. The World Conference on Education for All argued for the provision of basic education for all by the year 2000, as the world's most important development priority. Provision of basic education is con-strained by a number of obstacles however. For example, while the total cost of achieving universal primary education for all in Africa during the period 1990-2000 is estimated at no less than $US26 billion, Africa's per capita expenditure on education remains at $US28 compared to $US49 in other developing countries. The allocation of resources earmarked for education is usually to the advantage of second level and tertiary education rather than to basic primary education and literacy, a situation which should be rapidly reversed.

94. The financing of education also needs radical changes in resource allocation to ensure justice and equity between rural and urban areas and between male/female education. In this regard, innovative methods of education cost management are urgently required. Cost recovery and fee-sharing is one strategy used to augment state educational expenditures by transferring part of the education cost to beneficiaries. However, one of the short comings of this strategy is the reduced access to education of low-income populations. To overcome this problem requires, among other things, that partnerships between local communities, students/-parents associations, employers associations, trade unions, development partner organizations, religious bodies and NGOs be strengthened for increased resource mobilization for education in rural areas.

95. In many African countries, educational and training policies are currently in need of in-depth rethinking and revision, given that in some cases, high school leavers and even university graduates cannot find wage employment, some times for several years. They are increasingly caught in a situation of long-term structural incongruence between human resources development and socio-economic development. Science and mathematics education have received greater emphasis in the curriculum in recent decades, but they are still largely taught theoretically, while instruction in technical subjects and productive technology is seriously deficient. Teacher training colleges need also to be strengthened. Technical training in trades, crafts and engineering fields such as construction and civil engineering and mechanical engineering create self-employment opportunities and raise the level of productivity in the informal and small-scale formal sectors. Agricultural science and practice also need emphasizing, since agriculture is still the largest employer and the basis of rural development and agro-industry.

96. There is need for monitoring, evaluating and reporting on the implementation of educational policies along the lines of the resolutions of the World Conference on Education for All (WCEFA) at the national and regional levels. At the national level, a government focal point is required to monitor, evaluate and report on progress in the education sector. Grass-roots organizations will also have to be involved in the monitoring process. At the regional level, UNESCO, ECA, OAU and ADB should be responsible for reporting to the Conference of African Ministers of Education both on progress made and on setbacks to the implementation of basic education for all. Special attention must be paid to the quality of education so as to develop the appropriate human capacities and skills needed for sustained socio-

Box 4

INTEGRATED APPROACH TO SOCIAL DEVELOPMENT: AN EXAMPLE FROM KENYA

In Kenya, the employment promotion and maternal child health/family planning (MCH/FP) for women and youth in the Mathare Valley (Nairobi) is implemented by the National Council of Churches of Kenya (NCCK), a national umbrella organization for Christian churches, promoting social justice and development activities. It was initiated with UNFPA funding in 1988. The project encourages employment through credit, business skills seminars and vocational skills training. It also involves MCH/FP promotion through educational seminars supported by information, education and communication (IEC) materials and service delivery and counselling through a mobile clinic. In addition, the business skills and vocational training programmes integrate population and family planning education into their curricula. By the end of 1992, more than 2,000 individuals had received business training, 169 women had received credit, 60 youth had received vocational training, and more than 15,000 individuals had received MCH/FP services through the project.

Source: UNO, The Work of the United Nations System in Poverty Alleviation, United Nations Office at Geneva, Palais des Nations, 1995.

economic development, including entrepreneurial education at all levels.

97. Comprehensive educational and manpower planning and policies for socio-economic development must address the very serious problem of brain drain, especially among highly trained professionals in such diverse fields as medicine and medical sciences, engineering and social sciences. These professionals are trained at a tremendous cost to Africa. Among the most salient factors accounting for brain drain are sharply declining wages and incomes, declining economic opportunities and inhospitable working environment, social injustice and political instability. Halting significant outflow of highly skilled personnel and attracting those who have already left will require putting in place effective incentive structures: financial and tax incentives, opportunities for self-employment and private practice, especially for doctors and university teachers. The return home could further be cushioned with attractive remuneration packages: for example, job offers, housing allowances and car loans, affordable mortgages, duty-free exemptions and special customs status on entry of professional equipment and personal effects. The cost of all these incentives is relatively small compared to the cost of current and continued flight of highly skilled manpower.

4. Improvements in housing and the environment

98. Most African countries have experienced spontaneous and haphazard urban sprawl and are usually unable to keep infrastructure and services in harmony with population growth and rising expectations. Systematic urban development planning and maintenance is urgently needed to deal with large concentrations of people in a few capital cities at the expense of secondary cities and rural service centres. Policies are also needed to arrest the proliferation of shanty towns, peri-urban areas and urban slums and to halt urban decay in African major cities as old infrastructure deteriorates due to lack of maintenance and new planned investment, insufficient political and civic commitment and enormous population pressure.

99. Within the framework of an urban environment, sustainable human settlement presupposes, among other things, adequate shelter for all. Underpinning integrated human settlements planning is a need for political commitment, well-trained staff and strong local and national institutions for planning and managing human settlements, balanced land-use development within sectors and in both urban and rural areas. Given the unprecedented high rate of urbanization in Africa and the rising expectations and demand for basic services, effective human settlements management and development policies are urgently needed. These are among the major issues to be discussed during the forthcoming United Nations Conference on Human Settlements (Habitat II) in Istanbul, Turkey in June 1996.

100. African Governments will need to take advantage of the outcome of the Conference, which is expected to encourage governments and local authorities to build partnerships with urban dwellers to improve management of cities. Policies promoting well-managed and well-serviced urban centres maximize their mandate and capacity to function as growth poles and centres of economic productivity and social development. Cities not only offer significant economies of scale in production, employment, housing and services, they provide also the impetus for innovation and change.

101. Agenda 21 of United Nations Conference on Environment and Development's (UNCED) Rio Conference in 1992 discussed human settlements, environment and population policies and noted the need to mitigate rural/urban migration flows. Given the need for balanced spatial population distribution, governments were encouraged to achieve urban consolidation through small- and medium-sized urban centres and to promote rural industrialization through labour-intensive projects, job and agricultural training for women and youth and effective transport and communications.

102. The above-mentioned Experts and NGOs Workshop on the Implementation of the Dakar/Ngor Declaration and the ICPD Programme of Action stressed the importance of effective population policies and programmes at country level and highlighted such implementation constraints as the unrealistic targets set out in both documents without adequate regard for national financial and institutional capacities. It also stressed the need for countries to integrate population and human settlements planning into ongoing and future SAPs.

103. Financing and maintaining infrastructure for human settlements needs national and local budgetary allocation as well as affordable cost-recovery measures. If urban decay in Africa is to be halted, governments and city councils and managers need to upgrade standards, systems and equipment. Garbage disposal systems and provision and improvement of toilet facilities and basic sanitation, piped water systems that deliver clean water regularly, continuous electricity supplies, health and education services all require committed management and an integrated policy coordination.

5. Promoting earnest productive employment and sustainable livelihoods

104. Informal sector employment policy both in urban and rural areas needs far more emphasis for employment

generation, since strategies aimed at it and at the unemployed may have more positive impact on the lives of the majority of the population and the critically poor. The United Nations System-wide Special Initiative on Africa urges promotion of employment-generating opportunities, particularly in the informal sector and sustainable livelihoods, particularly in environmentally marginal areas. In this regard, the Initiative supports building on local knowledge and community-based action, increased access to technology, skills development, entrepreneurial training and micro-credit and a participatory approach, especially in rural communities in arid and semi-arid environments.

105. Sustainable rural development policies geared to real local resources are part and parcel of policies to support productive employment and livelihoods. Governments have to create alternatives to out-migration from rural areas. Attention to land reform and access to land is one of the pre-conditions. Access of rural populations to water, electricity, transport and communications, schools and hospitals, recreational and other physical and social facilities is also crucial. To be effectively implemented, adequate decentralization of administrative systems is needed, along with budgetary responsibility at local, district and regional levels. There is need for governmental action to encourage establishment of new businesses, industrial units and income-generating projects in the rural areas. In improving the conditions in the rural areas, African socio-economic policy-makers can learn a great deal from the Asian newly industrialized countries (NICS). These countries have been successful in formulating and implementing policies to pave the way for social transformation through increased pace of small-scale industrial development which however required adequate rural/agricultural development to create effective demand. They promoted the transfer of agricultural underemployed workers to industry and heavy investment in labour-intensive employment in rural areas during the early stages of development. Investment was directed not only at agricultural productivity and expansion but at rural small-scale industrialization as well, with well coordinated movement into export-oriented production from the early phase of import-substitution industries. There was also planned and sustained political and budgetary commitment to human and physical capital development and investment in agricultural and agro-industrial research and development.

6. Mainstreaming gender issues into all sectors of development activities

106. Sustainable integration of women in development can only be achieved within the framework of gender relations and analysis vis-à-vis issues such as equity, equality and justice between men and women. Among the many recommendations emanating from the United Nations fourth World Conference on Women are five priority areas of focus for the next five years. These are poverty eradication, health, education, promoting women's human and legal rights and women's participation in decision-making.

107. In Africa, women are increasingly becoming the main income earners for a majority of households and the hub of development, particularly in agriculture where they play a key role in food production activities in addition to traditional domestic chores. Still, in many parts of Africa, cultural traits and taboos have continued to underpin the marginalization of women in the development process: low rate of participation of women in areas of education and labour force, women's lack of adequate access to health facilities, their relatively high unemployment rate in the formal sector as compared to men as well as their lack of access to credit facilities for investment in self-employment generating activities. In addition, the issues of enhanced women's role in the decision-making process and human and legal rights are critically important, especially in relation to land tenure and poverty reduction. These are some of the constraints that still inhibit gender equality in the African region and it is to be hoped that genuine efforts will be made by African Governments and peoples and their development partners to enhance the status of women and to improve their participation in the development process within the framework of the Beijing Declaration and the Platform for Action.

III. Medium-Term Outlook and Policy Challenges

A. Macroeconomic Prospects for 1996

1. Modest grounds for optimism

108. The prospects for Africa's economic performance in 1996 will be strongly influenced by the out-turn in a number of domestic and external factors, such as the weather, progress in implementing effective policy reforms in the domestic economy and developments in the international economic environment. As in previous years, the vicissitudes of the weather and insect infestation always cast a cloud of uncertainty over future prospects in Africa, in view of the importance of the contribution of agriculture to Africa's aggregate output, export revenues and employment. But, overall, there are modest grounds for optimism regarding the African regional economy in 1996.

109. On the domestic front, total agricultural production is expected to increase by more than 3 per cent in 1996. According to FAO forecasts, total cereals production could reach nearly 108 million metric tonnes in 1996. This encouraging prospect is based on the good distribution of precipitation observed on the continent as a whole, in particular, since the beginning of 1996, the easing of drought conditions in North Africa, drought-prone Southern Africa and the countries in the Horn of Africa. Despite the expected good harvests, the per capita food production index for the region is expected to drop slightly from 94.5 in 1995 to 93.9 in 1996. Moreover, food prices in the first quarter of 1996 were 13.5 per cent above the level in the corresponding period in 1995.

110. The industrial sector and, more so, the manufacturing and mining subsectors, are expected to register growth in 1996, provided there is political and macroeconomic stability, further diversification of production structures and expansion of markets through regional and subregional cooperation, improvements in critical infrastructural services and the strengthening of competitive capacity to take advantage of liberalized trade. Both the expected good performance in agriculture and the gradual increase in private sector participation in economic activities offer brighter prospects for greater industrial growth in most countries. Given the changes in the operating environment and the substantial reforms that have taken place in the mining sector in many African countries, a considerable boost to foreign investment seems likely in the sector. In particular, the strengthening of subregional and regional cooperation in mining should result in new invest-ments in exploration, the transformation of ores as well as in downstream activities, if cooperative efforts, such as the entry of South African mining companies (i.e., Anglo-American Corporation, Randgold, Anglovaal and Gencor) and Ashanti Goldfields Company of Ghana in mineral development projects in other African countries are anything to go by.

111. The problems of external trade, debt and financial resource flows are so closely interwoven that none can be effectively resolved in isolation; and it is by now clear that there can be no substantial progress on one front without a corresponding headway on other fronts. In 1996, a lot will depend, on the one hand, on the evolution of commodity prices and world demand and, on the other, on weather conditions and the resolution of civil conflicts and the problems of refugees and internal displacement which have had, and con-tinue to have, severe repercussions on the social and economic conditions in some countries of the region. Progress towards the restoration of peace and economic rehabilitation in 1996 should launch countries previously embroiled in conflict towards recovery and sustainable development.

112. Despite the recovery in Western Europe, which is Africa's traditional market and major development partner, the outlook regarding demand and prices for some key commodities remains uncertain in 1996, although the probable out-turn would depend on the effectiveness of protective measures pursued by producing countries. The increase in the prices of primary commodities in 1995 emanated mainly from lower stocks, a condition which has now been reversed and is expected to have a negative impact on prices in 1996. Thus, metal prices fell by 6.1 per cent in the first quarter of 1996 led by a 12.3 per cent decline in copper and a 11.4 per cent decline in aluminium prices. With cotton prices falling by 13.3 per cent in the first quarter of 1996, prices of agricultural raw materials edged slightly lower - by 0.6 per cent - during the same period. According to the International Cocoa Organization (ICCO), the prospects for cocoa prices are likely to be brighter in 1995-1996 compared to 1994, although in real terms they will still be below the average for the last three years. Coffee prices are expected to fall by over 20 per cent in 1996, on account of declining consumption and the ineffectiveness of the retention programme of the Association of Coffee Producing Countries (ACPC). As a result, the ECA commodity export price index (excluding fuels) shows a 8.9 per cent fall in commodity prices in the first quarter of 1996, while the terms of trade based on unit

values showed a decline of 1.86 per cent over the same period in 1995. Clearly, if the trends in the first quarter were to continue, it will not augur well for Africa's commodity exports in 1996.

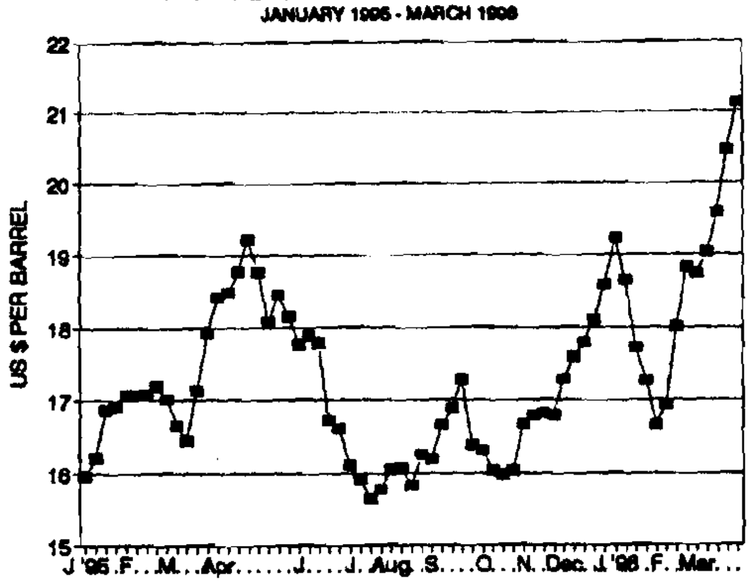
113. On the other hand, the global demand for oil is expected to rise from 69.6 milliom barrels a day in 1995 to 71.2 million in 1996, and OPEC countries are expected to increase their production beyond the 1995 official limit of 24.52 million barrels a day, augmenting demand sourced pressure on prices. While Brent crude oil traded at $US16.99/barrel during the last quarter of 1995, it rose to $US21.78/barrel since the beginning of 1996 (Fig. 7). However, current projections suggest that it is unlikely that prices will remain at this level in 1996, even if they are higher than in 1995.

114. The prospects and outlook for resource flows to developing countries, including Africa, are discouraging owing to a combination of factors. First, budgetary constraints and the demands for greater cost-effectiveness continue to dominate aid policies of industrial coun-tries. Secondly, the demand for foreign aid resources by the countries of Eastern Europe and the former Soviet Union are likely to "crowd-out" African countries from acquiring anything more than their historical share. These sets of conditions make it more difficult if not impossible for African countries to mobilize more external financing in 1996 than in 1995, especially ODA. In addition to the declining ODA flows, the distribution and quality of aid are also causes for growing concern. The distribution of ODA is markedly inequitable and unbalanced, as was fully indicated in the 1994 UNDP Report on Human Development. Ten nations in which 66 per cent of the world's poorest people live receive only 32 per cent of total bilateral aid. Furthermore, only 7 per cent of bilateral aid (representing 70 per cent of total ODA) is earmarked for "human priorities". These and other shortcomings in external aid including questions about the effectiveness of technical assistance programmes, the use of aid as an export promotion instrument, the lack of adequate supervision and verification procedures, etc., have been acknowledged by the Organization for Economic Cooperation and Development (OECD) Committee for Development Assistance and underlined at the World Summit for Social Development. It is hoped that the donor community would re-evaluate and take appropriate measures to make their assistance more equitable and robustly effective in favour of Africa.

115. A closely related problem requiring immediate resolution is the heavy debt burden of the continent. While the December 1994 Naples' initiatives on external debt are very important steps in the search for durable solutions to the debt crisis of low-income countries (see box 4), the Naples Terms that were offered by the Paris Club contain a number of significant drawbacks, judging by the limited number of African coun-tries that have benefitted since its launching. Only 11 debt reschedulings were carried out under the Naples Terms during the first seven months of 1995, as a result of which seven African countries - Chad, Guinea, Guinea-Bissau, Mauritania, Senegal, Togo and Uganda - were able to cancel debts in the order of $US1 billion. In addition to the bilateral debt burden, African countries need respite from multilateral debt which has become massive but up to now has not attracted sufficient attention.

116. African countries will no doubt continue to intensify their programme of economic reforms in 1996 in the direction of growth with stabilization and transformation. A good sign of that is the growing conver-gence evident in most national budgets and fiscal estimates for

FIG 7. BRENT WEEKLY OIL PRICES
JANUARY 1995 - MARCH 1996



Box 5

PARIS CLUB NEW NAPLES TERMS FOR LOW-INCOME COUNTRIES

Following the G-7 Summit Meeting in Naples, Paris Club creditors agreed in December 1994 on new terms for the poorest and most indebted countries, the so-called Naples terms. These terms represent an improvement over the earlier Enhanced Toronto Terms in that they include an option to reduce debt or debt service by 67 per cent.

Thus, the Naples terms allow for a reduction, on a case-by-case basis, of either 50 or 67 per cent of the amount (or the equivalent present value) of the debt service - interest and principal payments - falling due during the consolidation period. In addition, unexceptional cases, "stock treatment" can be applied, whereby the stock of non-concessional debt owed by the debtor would be cut by 50 to 67 per cent. This is referred to as an "exit" option, as the beneficiary will no longer need to go to the Paris Club for rescheduling.

Eligibility criteria

In principle, the countries eligible for Naples Terms are the same as those that have received Toronto and Enhanced Toronto Terms.*

To qualify for a 67 per cent reduction, the countries must show either a per capita GDP of less than $US500 or a ratio of present value of debt to exports of over 350 per cent.

Countries receiving stock treatment will most likely be those that have a satisfactory track record with the IMF and the Paris Club, and that are viewed by the creditors as having the capacity to implement the debt agreement and to exit once and for all from the debt-rescheduling process.

Terms:

A. Under the option of 50 per cent reduction of debt service:

Creditor countries can choose among the options already included in the Enhanced Toronto Terms:

- Debt reduction: reduction of 50 per cent of debt-service obligations, with the remaining half to be rescheduled at market interest rates over a period of 23 years, including a grace period of 6 years;
- Debt service reduction: reduction of 50 per cent of the present value of debt-service obligations through rescheduling at reduced concessional rates, over a repayment period of 23 years, with no grace period.
- Commercial option: for budgetary or legal reasons, creditors would choose to simply reschedule debt-service obligations over a period of 25 years, including 14 years of grace, at market rates. This option does not provide any reduction.

B. Under the option of 67 per cent reduction of debt service:

Creditor countries can choose between the following options:

- Debt reduction: reduction of 67 per cent of debt-service obligations, with the remaining third to be rescheduled at market interest rates over a period of 23
- Commercial option: for budgetary or legal reasons, creditors would choose to reschedule debt-service obligations over a period of 40 years, including 20 years of grace, at market interest rates. This option does not provide any reduction.

*These countries are the following: Benin, Bolivia, Burkina Faso, Cameroon, Central African Republic, Chad, Côte d'Ivoire, Equatorial Guinea, Ethiopia, Guinea-Bissau, Guyana, Hoduras, Madagascar, Mali, Mauritania, Mozambique, Nicaragua, Niger, Senegal, Sierra Leone, Tanzania, Togo, Uganda, Viet-Nam, Zaire, Zambia.

C. Stock treatment:

If there is sufficient consensus among creditors to reduce the stock of debt, reduction will be achieved through:

- Debt reduction of 50 per cent or 67 per cent, the rest being rescheduled over a period of 23 years, including 6 years of grace, at market interest rates;
- Reduction of the present value of debt by 50 per cent or 67 per cent. Debt will be repaid at reduced concessional interest rates, over 23 years (including 3 years of grace) under the option of 50 per cent reduction, and over 33 years (including 3 years of grace) under the option of 67 per cent reduction.

D. ODA loans:

ODA loans are rescheduled over 40 years (including 16 years of grace) under the 67 per cent reduction option and over 30 years (including 12 years of grace) under the 50 per cent reduction option, at interest rates at least as favourable as original rates.

Scope of debt covered:

- The debt to be rescheduled is, as before, the medium- and long-term public and publicly guaranteed debt contracted before the cut-off date.**
- The scope of debt covered will be determined on a case by case basis, depending, in principle, on the financing gap requirements of debtor countries. Normally non-rescheduled pre-cut-off date debt is considered first, with debt previously rescheduled on non-concessional terms (PRD) included if needed.
- If the size of the financing gap so requires, debt previously rescheduled under Toronto Terms and under Enhanced Toronto Terms could also be included. The reduction on these categories of PRD would be increased so as to reach the same level of reduction as under the current rescheduling agreement. For example, under the 67 per cent reduction option of the Naples Terms, PRD under Toronto Terms and under Enhanced Toronto Terms would be further reduced by 50 and 34 per cent respectively.
- Moratorium interests could also be included. In the case of stock treatment, the payment of moratorium interest could be capitalized for the first three years.

**The cut-off date is the date before which loans must have been contracted in order to be considered by the rescheduling aggreement. Usually the cut-off date is determined at the first rescheduling and will remain unchanged in subsequent reschedulings.

1995-1996 towards reduced deficits. It is to be hoped that reform-induced economic efficiency and improvements in macroeconomic policy and in human, institutional and physical infrastructure in 1996 will put the African economy on a more sustainable footing, making it more competitive in the world economy.

117. In this respect, it is to be hoped that the United Nations System-Wide Special Initiative on Africa, formally launched in March 1996, will assist in arresting the continued deterioration of social and economic conditions. Under this Initiative, which is the result of consensus between Africa and its development partners on the necessary course of action to meet the major challenges on the domestic scene, including those connected with transformations in the global economy, the major agencies, organizations and entities of the United Nations system, including the World Bank, have come together to fashion and commit them-selves to the mobilization of resources for and the implementation of a number of theme-oriented priorities in Africa. These are: peace building, conflict resolution and national reconciliation; basic education for all; health sector reforms; enhancing food security with special emphasis on women; harnessing information tech-nology for development; capacity building for governance; strengthening civil society for development; assuring sustainable debt relief; poverty reduction through the promotion of the informal sector; sustainable livelihoods in environmentally marginal areas; trade access and opportunities; partnership with Africa through South-South cooperation; land degradation and desertification control; and soil quality improvement.

118. The implementation of the Initiative requires a financial commitment amounting to $US25 billion, spread over a ten-year period. These funds are expected to come from national budgets of African countries as

well as funds provided by multilateral and bilateral donors. In addition to the substantive aspects, the United Nations system will lead in a number of fundamental reforms to improve the efficiency and impact of international development cooperation and ensure, through the Special Initiative, that the previous initia-tives on Africa - United Nations New Agenda for the Development of Africa in the 1990s (UN-NADAF) and the United Nations Programme of Action for African Economic Recovery and Development (UN-PAAERD) - are reinforced and given added practical expression. The totality of the reforms would focus on regional fora to create frameworks for cooperation; national sectoral programmes to base assistance in key sectors and key inter-sectoral goals requiring an integrated approach to agreed national plans of actions under government leadership; and broadening participation in consultative groups and/or round-table meetings to include private for-profit and non-profit leaders to enhance the quality and support of these exercises.

2. Better GDP growth rate in 1996

119. Based on the above considerations and assumptions concerning favourable weather and growth in agriculture, manufacturing and mining as well as expected performance in the external sector, the ECA secretariat estimates that overall regional GDP in Africa would grow by about 2.9 per cent in 1996.

120. The GDP of oil-exporting African countries is expected to increase by 2.4 per cent in 1996, mainly because of a likely rebound in oil production and prices stabilizing at the 1995 level, following the net con-traction in 1994 and a slight increase in value-added terms in 1995. The situation in Central Africa will remain difficult if economic contraction in Zaire continues and poor growth obtains in the other countries of the subregion. In contrast, there is likely to be a strong recovery in Southern Africa, an area affected by severe drought in 1992/1993 and 1995. A 3.7 per cent rate of GDP growth is estimated for this subregion in 1996.

121. The African LDCs are likely to grow less rapidly than the African average, with a projected growth rate of 1.5 per cent, while in the franc zone, output is unlikely to grow by more than 2 per cent. The effect of the 1994 devaluation is likely to be dissipated and limited exclusively to the financial sector rather than to output, except in a few countries, such as Cote d'Ivoire, where adjustment in the real sectors is progress-ing, and a tremendous scope exists for production flexibility and positive supply response.

122. The projected slow-down in the African LDCs in 1996 is mainly on account of the further deteriora-tion expected in their economies. In the Sudan, which accounts for 12 to 13 per cent of the total GDP of the group, GDP decline is likely to intensify, falling from -2.8 per cent in 1995 to -5.8 per cent in 1996, due to the persistence of drought and civil conflict coupled with severe infrastructural problems. For Zaire, a country that accounts for more than 8 per cent of the total GDP of African LDCs, 1996 promises to be another year of recession, in view of the difficulties that have continued to face the Government for the past six years in restoring the productive capacity of the economy. A decline of -2.2 per cent in GDP growth is projected for the country. The anticipated deterioration of the overall economy of the African LDCs in 1996 can be attributed to the raging civil war and disorder in Liberia, the stalemate in Somalia and the slow progress towards rehabilitation, resettlement and reconciliation in Burundi and Rwanda.

B. Medium-term Policy Challenges in the External Sector

1. Overall external environment remains daunting

123. Many African Governments have begun the process of rehabilitating and rebuilding their human, physical and institutional infrastructure and have created modalities to exploit the synergy between public and private sectors. They have introduced market- and growth-friendly policies and have persisted courageously in the arduous and often politically risky reforms, some of which, no doubt, need to be deepened and broadened in order to create an enduring culture of efficiency and dynamism. There is need to undertake additional institutional reforms to improve management standards and raise the level of pro-ductivity, particularly in agriculture and manufacturing. Rehabilitation and, in some cases, privatization of public enterprises will need to be coupled with measures that stimulate investment capabilities and empower-ment of the private sector, so that the share of private sector enterprises in the development process could assume increasing proportions. Despite the fundamental and hopefully irreversible domestic reforms, the medium-term prospect continues to be threatened by exogenous factors. And no where is this more daunting than at the level of the external environment.

124. The current trends in the world economy, such as the globalization of production and markets, rapid technological change and the proliferation and intensification of regional trade blocs have, among others, further gathered momentum and only countries with a reasonable degree of global competitiveness stand to benefit. It is regrettable that African countries have the least leverage or influence on the out-turn in prices of primary commodities, the volume of resource flows and external debt. While adjusting to these externally mediated pa-

rameters in the medium term, they would need to mutate and modify their export mix through intensive diversification and rectify their dependence on externally generated resources and stimuli through intensive and extensive domestic resource mobilization and efforts at internal economic re-orientation. Although Africa's record in adjusting to the fast-changing external environment has been very poor in the past, current perceptions and efforts to attenuate their detrimental impact and take advantage of the unfolding opportunities provide strong grounds for optimism in the medium-term (see box 5).

2. Relatively static commodity structure and declining shares in world trade

125. Most importantly, Africa has failed to take advantage of the dramatic growth in world trade. Between 1960 and 1990, world exports increased at an annual average rate of 12 per cent while the corres-ponding figure for Africa was a mere 3 per cent. Africa has also been by-passed by the conspicuous trans-formation in commodities traded globally. The income inelastic nature of demand for primary products has been such that there has been a noticeable shift in global demand. Demand for industrial inputs, such as minerals, has been declining because of the increased efficiency of synthetics in resource use as well as transformation of the nature of industries in the developed countries, while the demand for beverages and tobacco has been badgered by health-conscious consumers. In 1993, approximately 80 per cent of Africa's foreign exchange earnings derived from primary commodities, while imports of manufactured goods accounted for 74 per cent of the value of total imports. The comparable figures for 1980 were 93 and 72 per cent, respectively. Most African countries continue to rely on the same primary commodities they did in the 1960s and 1970s. Countries heavily dependent on the export of coffee and cocoa three decades ago continue to obtain their foreign exchange earnings from these commodities in the 1990s, as do exporters of petroleum and minerals. While the volume of primary commodities in world trade declined from 36 per cent in 1970 to 19 per cent in 1994, the structure of exports from Africa has remained more or less the same, with continued dependence on primary commodities as the sole source of foreign exchange earnings.

126. African producers have also been "crowded-out" by new producers of primary commodities in other regions. Countries in Asia and Latin America have now become major competitors in such products as coffee, tea, cocoa, timber and minerals. These countries were either importers or were very small players in the world market three decades ago but they have since made phenomenal success through strident diversification in production and trade. Inevitably, the static nature of the structure of exportable commodities has reduced Africa's share in world exports from 10 per cent in 1950 to 2.2 per cent in the 1990s.

127. World trade is expected to increase by $US210 billion annually in the post-Uruguay trading order, of which 30 per cent will be shared by developing countries. In the medium term, Africa stands to benefit the least of all the world's regions, given its weak capacity to respond to new opportunities created by the emerging international trading environment, and production structures that do not readily lend themselves to global competitiveness. To benefit from the post-Uruguay Round trading order and not lose $US3 billion annually - as anticipated by the IBRD/OECD study - it is imperative for Africa to reform and modernize its production structures to produce goods that are competitive in world markets. There are stringent requirements for quality control in European and North American markets, and indeed world-wide, which will have to be met by African exporters if they are to penetrate those markets. Efforts must be galvanized to ensure production of quality goods, greater standardization, and quality assurance and enhancement in the African countries. Even so, Africa might still find it difficult to penetrate highly protected markets as current indications are that the world trading system continues to be clouded with protectionist pressures, growing resort to discriminatory non-tariff barriers prompted by macroeconomic imbalances and increasing tendencies toward bilateralism and regionalism at the expense of multilateralism.

128. The favourable price increases of primary commodities in 1994 and 1995 are by no means assured in 1996 and beyond, as world prices may resume the cyclical pattern they have always assumed, under pressure of a longer-term downward trend in consumption of primary raw materials per unit of output. Since the adoption of the Inte-grated Programme for Commodities (ICP) and its centrepiece (the Common Fund adopted by UNCTAD IV in Nairobi in 1976 and other compensatory financing facilities including STABEX and SISMIN of the European Union), no real substantive progress has been achieved. The trend towards advances in technological progress in the production of synthetics and substitutes which depress demand and, hence, prices of major primary commodities has been reinforced.

129. The building up of commodity stocks and surpluses as one key element for containing inflation in industrialized countries is likely to continue as long as the monetary policies of these countries target price stability at the expense of employment. According to a study by the Petroleum Industry Research Foundation, every dollar drop in the price of a barrel of crude oil is, within a year, expected to raise GDP in the OECD countries by about

one-tenth of one per cent on average, and to reduce inflation and interest rates by roughly the same amount. Most analysts of the commodity markets believe that depressed com-modity prices will continue well into the first decade of the next century and that the burden would disproportionally fall on the foreign earnings of the poorest region.[19] It has been estimated that the trade losses of Africa may in the process be equivalent to about 3 per cent of GDP.

130. The external sector in Africa is likely to benefit however from the ongoing agreements to cut production to stabilize commodity prices. For example, the members of the ICCO have decided to abandon the buffer stock in favour of export retention schemes, and to keep production levels - at least until the 1998-1999 crop - down to 2.8 million tons, below the 3 million tons level projected by ICCO. The plan was to restrain production, so that world stocks would not be more than 30 per cent of annual consumption, a move which was found to be more suitable than the use of buffer stocks intervention to control prices.

131. The oil market is now stabilizing at $US18.63 for Brent and $US16.7 and $US19.71 a barrel respectively, for medium and heavy crude. However, the current production of 1,450 million b/d is likely to increase significantly in 1997 onwards as a result of the expected

Box 6

AFRICAN PLAN OF ACTION FOR COMMODITIES

In order to address Africa's commodity problem in a comprehensive manner, African Ministers responsible for Trade, Regional Cooperation, Integration and Tourism, meeting in Addis Ababa from 14 to 16 February 1996, adopted the following Plan of Action for Commodities, to be implemented at national, subregional and regional levels:

At the **national level**, African countries were urged to take the following measures with a view to ensuring a wider export base:

(a) realign the agricultural products subsector to meet local needs and reduce the importation of food products;
(b) formulate and pursue horizontal and vertical diversification programmes with a view to widening Africa's economic base and creating the inter-sectoral linkages needed for sustained growth;
(c) adopt adjustment and economic policies capable of revitalizing growth;
(d) adopt incentives for commodity producers by way of improving the access of small producers to the factors of production, lowering production factor costs by granting customs exemption for the import of essential commodities and relaxing fiscal policies so as to reduce excessive dependence on export duties as a source of fiscal revenue;
(e) pursue appropriate reform policies to gradually shift economic activities towards the promotion of more attractive and competitive goods both to the domestic and external markets;
(f) formulate as part of a comprehensive strategy, an export promotion programme providing every measure of support for enhancing competitiveness both at the stage of product processing and export diversification. For this to happen, not only would productivity have to be improved but also the cost of such factor inputs as labour, energy, transport, credit and other costs relating to an unfavourable business environment should be reduced;
(g) shift industrial strategies for import substitution to an endogenous growth model based on the commodities sector;
(h) improve the efficiency of marketing structures by simplifying administrative formalities and eliciting the direct participation of producers in product marketing by encouraging the establishment of producers' associations and cooperatives with a view to ensuring regular and steady supplies.
(i) conduct a critical review of the possibilities for diversifying outlets to other developing regions so as to take advantage of South-South opportunities and to diversify African markets and make them more competitive and profitable;
(j) create the conditions for an improvement of the economic and financial environment both for national as well as foreign direct investment particularly through the institution of such reforms as would contribute to the effective allocation of credit to small farmers and businessmen; and
(k) prepare appropriate programmes for training, research development and the collection of trade information.

At the **regional level**, African countries were called upon to intensify their cooperation by taking the following measures:

(a) prepare a joint programme for the promotion of commodity exports. Countries having similar interests in the export of one commodity should set up joint export marketing

(b) pursue policies for the diversification of production and marketing structures including research development within specialized regional institutions;

(c) harmonize and coordinate policies for the distribution and transport of African products;

(d) enforce exsiting commitments and agreements in the area of subregional and regional trade cooperation with a view to promoting intra-African trade and achieving an enhanced African common trading position on the international market;

(e) strengthen African financial institutions which specialize in external trade financing operations. AFREXIMBANK could play a major role here in financing African exports.

At the **international level**, African countries should:

(a) evaluate, with the assistance of ECA secretariat, the implications of the final Act of the Uruguay Round of Multilateral Trade Negotiations including the additional provisions contained in the Marrakesh Agreement so as to see what synergy can be achieved in increasing revenue, employment and expanding trade;

(b) strengthen their negotiating position within such multilateral trade cooperation institutions as the World Trade Organization (WTO), EEC-ACP Convention and the Group of 77 so that their interests are taken into account in future negotiations;

(c) make use of international assistance to sustain their economic diversification efforts particularly within the context of the preparation of diversification projects and programmes under the General Assembly resolution 49/142; and

(d) encourage foreign direct investment and technology transfer so as to develop production capacities and increase export possibilities.

entry of Iraqi oil into the international market and above-quota production by OPEC members. With excess supply in the international market, oil prices are expected to fall, depressing export earnings, while the lower prices would impact negatively on the oil exporting countries. In the short-run, most of the debt-stricken oil importing African countries are expected to benefit from the conjunction of lower oil imports bills and lower interest burdens on loans.

3. Durable solutions needed for debt overhang and resource flows

132. The prolonged debt problem would continue to pose a major challenge for Africa's development in the medium term. Debt has emerged as a development problem since 1986, when the rate of interest soared and commodity prices fell to unprecedented levels. By the end of that year, the very long-term nature of the debt-service problem for a number of African countries had become apparent. UNCTAD VII in August 1987 reached an understanding in favour of a more flexible approach to the debt strategy. Specifically, the Final Act underlined the need for a cooperative debt strategy which would take into account a number of factors bearing on an individual country's capacity to repay its debt without unduly hampering growth or the implementation of structural adjustment programmes (SAPs). Since then, and despite subsequent initiatives, the debt problem has accentuated to various unsustainable levels.

133. One of the major causes of the increase in external indebtedness of commodity-exporting developing countries has been the fall in real commodity prices. As such prices become more and more depressed in real terms, debt overhang is projected to accelerate further despite international strategies for debt reduction. The debt reduction/rescheduling initiatives, including the Toronto Terms and Enhanced Toronto Terms and, more recently, the Naples Terms, collectively fall short of what is required to alleviate the debt burden of the heavily indebted countries, particularly in light of falling export earnings occasioned by declining commodity prices. New approaches embracing effective mechanisms for dealing with the immediate issue of depressed prices, excessive price instability and the revitalization of growth in the affected countries are thus required.

134. In an environment of declining commodity prices, slow growth in trade and reduced capital flows, the prospects are that debt- servicing would continue to be a protracted problem and the interest due on rescheduled

loans may need to be rescheduled several times in the foreseeable future if debt service is to be reduced to a level consistent with the availability of external resources. Until a durable solution is achieved within the framework of an integrated, growth-oriented strategy and mechanism, the debt overhang would persist at unmanageable levels to the detriment of growth in many African countries.

135. In recognition of the unsustainable situation in countries with heavy debt burden - most of which happen to be among the poorest countries - the leaders of the G-7 countries have agreed on the need to look for new initiatives on the debt issue and have consequently requested the Bretton Woods institutions to develop a comprehensive approach to assist countries with multilateral debt problems. In response, the World Bank and the IMF have undertaken a study entitled "A framework of action to resolve the debt problems of the heavily indebted poor countries" which hopefully will form the background to a new debt initiative. In the study, the Bank and the IMF have proposed the launching of a "Multilateral debt reduction facility" which will take the form of an international trust fund, geared to providing additional assistance to the heavily indebted poor countries on a case-by-case basis.

136. Innovative and comprehensive as the initiative drawn up by the Bretton Woods institutions for resolving the debt crisis and reducing debt stocks to sustainable levels may be, its financing provisions are not so clear and, at best, look rather inadequate, while the time-frame for its implementation is unnecessarily long and the eligibility criteria are rather stringent. There is a three-step approach in the IMF/World Bank proposal on debt management. The first stage will generally involve a period of three years of adjustment programmes, after which the IMF and the World Bank will prepare a debt sustainability analysis on a country to see what improvements there were in a country's debt profiles. If the analysis suggests that a Naples Terms agreement will not produce a sustainable debt profile, the country can waive immediate debt relief and opt for inclusion in the new initiative. The countries embarking upon step two will receive a guarantee that, after a further three years of track record with the IMF, during which they receive additional relief (of up to 90 per cent) on debt servicing from the Paris Club, and comparable treatment from commercial and non-Paris Club creditors, they will be provided with an exit strategy which will reduce their debt obligations below a sustainable threshold. The multilateral creditors could join with other creditors in providing grants and concessional loans. If at the "completion point", at the end of the third year, the country is still overburdened by its debt obligations, it may then be considered for the third phase when it will be eligible for 90 per cent of debt stock reduction from the Paris Club, and could also expect further assistance from the other categories of creditors.

137. The African region has also not benefitted much from the flow of external private capital that has become a major source of financing for developing countries. The flow of such capital to African countries rose only modestly, from $US3.8 billion in 1994 to $US5.1 billion in 1995. Africa's share of world total private resource flows amounted to a mere 3 per cent in 1994 and only rose to about 9 per cent in 1995. So far, only two countries - South Africa and Tunisia - have developed the requisite institutional framework and financial infrastructure and respectable credit rating that would allow for a high degree of integration between domestic and global financial markets, and a recourse to international capital through public and private bond offers and portfolio investment. The nascent stock markets in African countries are for the most limited in the value of traded shares and rather unstable in performance due to inadequate infrastructure and unreliable regulatory frameworks to earn the confidence of potential international investors.

138. It is to be hoped that, in the years ahead, the number of countries with the potential to attract foreign private capital will increase, given the dire needs of development financing and more so of the non-debt creating types. The opening up of transport, telecommunications, energy, mining and the financial services sectors - sectors that appear to be favoured increasingly by the international private capital markets - along with the gathering momentum of improved macroeconomic performance and environment for private investment in Africa and an ever-broadening readaptation and adjustment of the continent's institutional mechanism and financial structures - to investment market conditions are expected to create and sustain the interests of external investors. Some of the international investors that traditionally play in the market are already looking for ways and means to position themselves in emerging markets with potentials of high rates of return and are likely to see sub-Saharan Africa, which has one of the best realms on investment in the developing countries, as a fair opportunity for portfolio diversification. There are already very encouraging indicators on the horizon. Baring Asset Management is reputed, for example, to be planning to invest in nine sub-Saharan African countries as well as in Morocco, Egypt and Tunisia. Mercury Asset Management envisages making small investments in Zimbabwe and Ghana, for a start, while Framlington, the UK fund owned by the French banking group, Crédit commercial de France (CCF), is launching a closed-fund to invest in the CFA zone countries. Other initiatives such as the West Africa Growth Fund are targeting companies

scheduled to be privatized in countries like Cameroon, the Congo, Côte d'Ivoire and Senegal.

C. Mobilization of Domestic Financial Resources: The Priority Area for Policy Development in the 1990s

1. Need for new approaches

139. Mobilization of domestic financial resources has become a central issue in the current vision and strategy of African development. With the expected decline in external resource inflow and with little or no prospects for any major improvements in accessing external savings, particularly in the form of ODA and non-debt creating foreign investment in the short and medium run, African countries need to redouble their efforts in increasing domestic resource mobilization to the maximum extent possible. Indeed, increased dependence on domestic resources has become an integral component of Africa's development enterprise and of the stabilization and structural adjustment initiatives now under implementation in many African countries.

140. Closely connected with the effort to mobilize financial resources is the need to ensure efficient management and judicious allocation of these resources. Attainment of an overall rate of growth of 8 per cent per annum is presumed to double the per capita income over the next decade and is estimated to require an additional investment of about $US45 billion per annum at 1990 prices, over and above the present level of $US115 billion, raising the level of annual investment to $US160 billion. Most of this additional funding must be mobilized from domestic sources given the poor prospect of external resource inflows.

141. It is by now clear that to attract sizeable external resource inflows, particularly the non-debt creating type, Africa has to achieve considerable success in mobilizing its own domestic resources and build up its human and infrastructural capital. Consequently, the search for additional investible resources must be inward focused.

142. By minimizing their dependence on externally generated stimuli and resources, African countries would have made the conscious decision to assume the primary responsibility for financing whatever additional investment is required to propel their economies in the years ahead. By reducing inefficiency, creating an environment conducive to the retention of savings within their individual countries, reversing capital flight and, above all, encouraging savings through appropriate policies and necessary institutional mechanisms for its intensive mobilization, they could place themselves in a situation in which they would be able to provide the necessary resources to finance the additional investment. The challenges of initiating and fostering a self-reliant and self-sustained socio-economic transformation will not be an easy task, it must be fully realized, unless the present trends in savings can be substantially improved.

143. In view of the level of resource mobilization in the past, governments should be more aggressive in the mobilization of tax and non-tax revenue. The formal financial institutions were equally guilty of complacency in resource mobilization, focusing more on the lending end. A successful resource mobilization drive needs to be waged if additional investable resources are to be made available to enable economic growth. A concerted drive should target all the saving units in society, beginning with the savings of the government and including the business and household sectors.

2. Putting in place sound macroeconomic policies

144. The stabilization of prices and exchange rates so as to have a positive real rate of return on domestic assets is a precondition for the mobilization of domestic savings. A sound macroeconomic policy is necessary also even if it is not a sufficient condition for successful mobilization of savings.

145. In the pre-SAP era, interest rates usually remained fixed for long periods and were not revised in the light of inflation trends which sometimes kept the real rate below zero. The passive role accorded to the interest rate stemmed perhaps from the conviction that the major determinant of saving was income, and not the interest rate, and that this latter depended on the volume of investment. The implementation of SAPs reversed this logic in many countries and liberated the interest rate along with credit from the control and management of the central banks, leaving the determination of their level and the allocation of resources largely to market forces. The trend in several countries towards more liberal trade and exchange rate policies and the abolition of excessive regulatory and control mechanisms created a more market-friendly environment in which the private sector would play a greater role in the mobilization and utilization of domestic financial resources. These policy directions are expected to increase domestic savings, improve the efficiency of resource use, minimize and reverse capital flight and increase the volume of external resource inflows.

146. The liberalization of the financial and foreign exchange markets have been controversial. In many of the countries where these policies have been pursued, the values of domestic currencies have fallen precipitously and nominal interest rates have increased substantially, compared to the pre-SAP years. Whether the huge rise

in interest rates has increased savings, contributed to stabilize the economy and led to the improvement in real GDP growth, remains debatable. One view is that the high nominal interest rate is in fact responsible for the slow growth of GDP, inflationary condition and deepening poverty in some of these countries by reducing investment and capacity utilization and employment. However, the other view points to the examples of countries, mainly from outside the region, where the policy has been relatively successful, in the sense that real positive interest rates have been achieved without a huge rise in nominal interest rates. Thus, it is necessary to examine each situation on its merits, since it is often inadequate to assess the impact of a single item in a policy package without considering the context in which it is implemented.

147. Fiscal policy, and especially tax policy, has an important role to play in the mobilization of financial resources. These policies should aim at increasing the rate of savings and investment, and encouraging the flow of investment into desirable channels. An increase in the proportion of national income devoted to capital formation should be one of the primary aims of fiscal policy. Resource mobilization could also be augmented through suitably designed and judiciously implemented monetary policies. Monetary policy plays its role in economic development by influencing the supply and uses of credit, combating inflation and maintaining a healthy balance-of-payments position.

3. Promotion of the savings habit

148. Since both the government and public enterprises have very low or negative savings rate in many African countries, most of the savings have had come from the private sector. However, shallow financial systems, lack of confidence in financial institutions and inadequate government policies have depressed private savings. An increase in domestic financial resources for the attainment of maximum growth is the responsibility of governments which, through its fiscal and monetary policies, can sharpen to a very large extent, the incentives for household and private enterprise savings.

149. The savings habit of African households has impressively demonstrated its resilience even under the most difficult of circumstances. These savings are usually oriented towards hoarding or easily inaccessible forms with only a small fraction being held as deposits in financial institutions. This apparent limitation on the mobilization of household savings can be altered through appropriate and innovative policies.

150. The capacity of a country to mobilize the savings of its population depends on the degree of monetization of the economy, the extent of development of the financial institutions and the range of financial instruments available. The development of the financial sector is therefore a prerequisite for the mobilization of savings and the availability of a wide variety of financial instruments offers savers an alternative to holding their portfolio in physical assets. The lower the level of development of the financial sector, the higher would be the proportion of savings held in physical assets and the more difficult and costly would be the effort to mobilize domestic savings.

151. Modern financial institutions are the *sine qua non* for effective resource mobilization and its productive utilization. Unfortunately, the development of these institutions in Africa has been very inadequate and often limited to the urban milieu. Because 60-70 per cent of the African population live in the rural areas where commercial banks and other formal financial institutions are not very active, many countries have attempted to reach this segment of society through specially designed banks. These banks (rural banks, post office savings banks, cooperative and community banks, among others) mobilize resources and provide credit to small borrowers. Two countries where rural banks are well developed are Ghana and Nigeria. In Ghana, the Bank of Ghana established commercially oriented unit banks across the rural countryside in the 1970s. These banks operate with share capital controlled by the residents and with the active participation of the central bank. The Board of Directors and the staff are drawn from the community. In the 1980s, the rural banks proliferated particularly in the cocoa-growing regions and were active in making payments to cocoa farmers. In 1977, the Nigerian Government launched the Rural Banking Scheme (RBS), with a network of branches in all parts of the country, to mobilize rural savings and provide credit. Rather than establish new banks as in Ghana, the Nigerian Government required all existing commercial banks to expand their network of branches in the rural areas. However, in 1989, the Nigerian Government established new banks - the People's Bank and the Community Banks - with public funding. These were eventually to be owned by the members of these institutions. These types of banks, if successful, are likely to access more easily the financial resources of the rural population, provide needed credit at reasonable interest rates and forge a closer link between the formal and informal financial institutions. Above all, the community-based banks of whatever genre should contribute to the development of the banking habit of the population and strengthen the resource mobilization drive.

4. Strengthening viability of formal and informal financial institutions and their linkages

152. The extent to which financial institutions can contribute to the mobilization of private savings depends on their spread in the economy, among others, through the branch networks of commercial banks. Convenience and proximity of commercial banks to savers and their vigour in stimulating saving can have a positive effect on financial resource mobilization. A measure of the penetration of commercial banks (and other financial institutions) in the society is bank density, measured in terms of the number of branches relative to the population and their geographic spread throughout the country. Based on this measure and particularly their location, the evidence is one of considerable insufficiency. Even in countries such as Kenya and Nigeria, where the density is high relative to the other countries in the region, there is a marked bias for the large urban conglomerates, leaving the huge rural population to be served by a variety of informal financial arrangements.

153. Because of the failure of commercial banks to cater to the needs of the small savers and provide development-oriented long-term credit, specialized saving institutions have been organized in many countries, usually under the aegis of the central bank. These include the post office savings banks and credit unions and the specialized banks. Among the latter, the most prominent are the development banks which are created to meet the long-term credit needs of the investing public and are usually specialized sectorally to focus on agriculture, industry, services and construction, among others. While their primary function is to make financial resources available for projects whose needs are not served by other financial institutions, they could also stimulate the development of capital markets by selling their own stocks and bonds, helping enterprises float their securities and selling from the portfolio of their equity investment. On the whole, however, development banks have not been very successful in mobilizing domestic resources, but have usually served as a conduit for onward lending of public funds and externally mobilized financial resources to domestic enterprises. The issue for future policy is how to activate and sustain the capacity of these development finance institutions to contribute significantly to the mobilization of domestic financial resources to finance the investment needs of the private sector.

154. In this connection, the role of Africa's capital markets, which are still grossly under-developed, needs to be underlined. Although the development of these emergent markets in a few countries such as Nigeria, Kenya, Zimbabwe, South Africa and the North African countries, including Morocco, Tunisia and Egypt is encouraging, their role in intermediation between savers and investors is still very limited. During the pre-SAP era, the development of capital market was hindered by lack of both demand and supply. Existing companies and new investors relied more on own savings, retained earnings and most importantly on bank credit. On the supply side, the problem was one of weak or non-existent institutions that would provide legal safeguards and undertake the marketing of shares (stocks) at denominations sufficiently low to attract the small savers. These and other factors have limited the supply of savings flowing through the stock markets.

155. The extensive privatization of public enterprises under SAPs public sector and prudent borrowing from the private sector offers governments an opportunity to expand local capital markets. However, many governments are saddled with public enterprises for lack of buyers, mainly because they offer whole companies for sale rather than pursue the alternative of selling shares in small lots, which might be attractive to small savers. The disposition of public enterprises through the floating of shares has a number advantages. It fulfils the objective of privatization, spreads the benefits of share ownership among the population and contributes to the mobilization of domestic savings. Governments could shift their source of funding from the financial institutions and particularly the central bank by reaching out to the private sector through appropriately denominated bonds and treasury bills and other negotiable instruments tradeable in secondary markets.

156. Many African countries have a long tradition of well- articulated informal financial institutions providing essential services to the small saving and producing units whose needs are not catered for by the formal financial institutions. They are extensively spread, both the rural and urban areas across Africa. They not only exist side by side with commercial banks, post office savings banks, etc., but they do thriving business both in mobilizing savings and extending credit from and to their customers who include people with accounts in the formal institutions. While the exact number and nature of informal savings institutions as well as the number of participants are hard to come by and the volume of resources are difficult to quantify, their comprehensive outreach are nevertheless presumed to be extensive. While the variety of informal financial institutions are vast, the most popular and widespread are those engaged in savings, loans and mutual aid schemes. It is generally believed that a significant proportion of private saving is channelled through these well-developed informal institutions.

157. A closer examination of the workings of informal financial institutions reveal their user-friendly nature. In looking for ways of holding their savings or borrowing,

people put a premium on convenience and confidence. Convenience includes attributes such as accessibility and proximity; simplicity of operations; liquidity; and security. The traditional savings institutions meet these requirements. No complicated and arduous paper work is involved for membership. Once engaged, the "compulsory" nature of the "voluntary" contributions often make them attractive to members since they are forced to save, as opposed to the situation with deposits in the banks. The informal institutions also enjoy qualities and characteristics that need to be emulated by the formal financial institutions: their cost of doing business is very small and consequently are much more efficient; the default rate and non-performing credit are also much lower than in banks; and they are not constrained by interest rate regulations, liquidity and reserve requirements, rendering their operations competitive.

158. This idealization of the informal sector should not mask their weakness, however. They are small, fragmented and often the resources they mobilize are insufficient to trigger long-term benefits. The policy challenge calls for developing these institutions to better serve the society and to bridge the gap between excess liquidity of banks and shortage of credit. Excess liquidity in the commercial banks co-exists with unmet demand for credit in the small-scale enterprise sector (both urban and rural areas). It also means that many households and small enterprises lack access to saving instruments. While the formal financial institutions remain the key to the mobilization of long-term savings, the need to forge a strong linkage between the formal and informal financial institutions becomes important considering the grassroots reach of the latter and their persistence and durability. Regardless of the degree of financial liberalization or the proliferation and geographical spread of formal financial institutions, the informal financial institutions will survive and exploit the niche. In addition to supporting the efforts of the formal financial institutions outreach, the linkages could further enhance the operations and contributions of the informal financial institutions. Besides organizational and managerial constraints which tends to keep them small and fragmented, the financial resources they mobilize are likely to remain small relative to the potential and may not be productively utilized. Secondly and equally important is the fact that savers do not benefit from interest on their savings. Despite these limitations, the traditional financial institutions are valuable complements to the modern financial institutions.

159. Therefore, forging a strong link between them should be an essential part of the strategy for improving the institutional framework for the mobilization of domestic resources. One way of forging the link is to institute a mechanism through which a two-way flow of financial resources could emerge. While the formal financial institutions serve in many cases as custodians of funds mobilized in the informal market, what is lacking is the reverse flow of resources in the form of commercial banks loans to informal sector operators, and the channelling of resources through the informal financial institutions for on-lending. Such an arrangement could bestow a number of advantages. Commercial banks, particularly those suffering from "excess liquidity syndrome" could find profitable uses for their resources, while creditors could enjoy lower interest rates and the informal intermediaries maximize their profit through higher volumes at lower interest rates. A successful networking between the formal and informal institutions would therefore minimize the fragmentation of the financial market, increase efficiency and maximize benefits all round.

160. Another approach that is worth looking into is the formalization of the informal financial institutions. Operators in the informal sector could be encouraged to graduate into more permanent institutions and their operations enhanced through technical assistance from the central bank and other financial institutions. Extensive and intensive training with the technicalities of book-keeping and modern management, assistance in organizational set-up could liberate them from the trappings of their transitory nature and diminutive size.

D. Mobilization of Savings by the State: Improving Viability of the Government Budget

161. Financial resource mobilization is largely influenced by the monetary and fiscal systems and institutions operating in a country. Governments could play an important role in mobilizing domestic financial resources for economic development both indirectly by providing fiscal and monetary incentives that will facilitate the stepping up of private savings and productive investment, or directly through surpluses in their recurrent budgets, involving the rationalization of government expenditure in favour of infrastructural development and public utilities, and the broadening of government revenue base and elimination of financial leakages.

1. Upgrading tax administration

162. On the revenue side, in many African countries, the tax structure has a narrow base. Taxes on imports, sales and excise taxes on a limited range of consumer items, such as tobacco, petroleum products, and beverages provide the bulk of tax revenues of most African countries. Since many African countries have been forced to restrict imports in recent years on account of unfavourable terms of trade and other factors affecting

their foreign exchange earnings, the base for import taxes has correspondingly narrowed. Revenue from import taxes were further aggravated by the drastic reduction of the marginal rate. Therefore, any policy to expand revenue in the state budget will inevitably call for upgrading tax administration, expanding the tax base and introducing new taxes.

163. Many countries in Africa lack an effective and efficient tax assessment and collection mechanism. In countries where the tax administration is weak, sources of revenue that impose heavy burden on administrative resources are less intensively exploited focusing on those sources that are easier to administer. The system of administration needs to be drastically upgraded by instituting an effective tax authority, manned by the necessary personnel to properly and honestly execute the task and backed by appropriate tax laws that are simple to administer with severe penalties for evasion.

2. Spreading the tax net

164. While improved tax administration is necessary, it is nevertheless insufficient to maximize government revenue. In addition, the tax net needs to be cast widely enough to capture all potential tax payers, including operators in the informal sector. The informal sector in Africa has two distinct characteristics that are important from the standpoint of tax coverage. Firstly, it is vast in number of operators and is involved in practically all types of activities. From an already large base the sector has been growing at a fast rate in recent years partly because of the failure of the formal sector to expand at a rate fast enough to accommodate and capture the growing population. Secondly, they are neither registered nor accountable to the authorities and do not pay taxes. Given the growing importance of this sector, their large number and their potentially extensive revenue base and for reasons of equitable tax administration, it is important to bring them under the tax net. The process of inducting these operators into the tax net could take two forms, based on their size and activities. The relatively large operators could be required to formalize their operations by obtaining licences, keeping records where this is possible and obliging them to pay taxes.

165. The formalization of the bigger informal operators is bound to leave out a good proportion of the informal sector outside the tax net. To draft these operators into the tax net and further widen the tax base, governments could design special methods. The easiest and the most common approach is the imposition of the presumptive tax whereby lump-sum taxes are levied on all small-scale activities based on standard assessment using simple indicators or proxies to estimate their taxable income. Where these methods are difficult, as is likely to be the case, the tax authority could impose a flat lump-sum tax based on some assessment of capacity to pay.

3. Reforming the structure of taxes

166. In addition to reforming the process of tax administration and expanding the tax base, it may be necessary to change the tax structure and consider the viability of applying consumption tax in order to minimize tax evasion. The multiplicity of indirect taxes such sales tax, transactions tax, excise tax, etc., that are currently in use in many countries could be simplified by lumping these into a single rate. Secondly, the nature of the tax could also shift to consumption tax as well as value added tax (VAT) to facilitate collection and eliminate the cascading effect. The shift from multiple tax to a single consumption tax, particularly those targeting luxury goods, has extra advantages in that it reduces the burden on tax administration and encourages savings by deterring consumption. These measures taken as a whole are likely to expand the tax base and help to increase government revenue.

4. Introducing new taxes

167. Some few specific areas for general policy consideration can be suggested in addition to a review of the indirect tax and tariff structures with the aim of increasing tax revenues from these sources. These include the introduction of taxes on unearned income in the form of wealth or property taxes, capital gains taxes, gift taxes, real estate and inheritance duties which either do not exist or are insignificant as a proportion of total tax revenue. The immediate introduction of sales and excise taxes on such services as hotels, restaurants, banking, insurance and construction which either are non-existent or yield only modest revenues are likely to yield considerable revenue.

168. Governments could also introduce taxes targeted at financing specific infrastructural developments including, for example, education tax, health tax, and tolls on roads where feasible. State pension schemes into which wage and salary earners may pay a portion of their incomes with matching contributions by employers could be expanded to include the private sector.

5. Making taxes more progressive in nature

169. Tax structure of a highly progressive nature is recommended not only to enhance the effect of taxation, but also to ensure a more equitable distribution of income. The propensity to save among the upper income groups of people is very low in most African countries and equitable income distribution through highly pro-

gressive taxation could enhance the scope for increasing the rate of saving.

6. Improving income from public enterprises

170. Public enterprises are important sources of government revenue. In many countries, these enterprises have been established and managed less with the objective of maximizing profit and more to meet other public policy goals, including employment creation and price stabilization. Poor management coupled with corruption and embezzlement arising from lack of transparency and accountability have contributed to the erosion of the financial position of many of these enterprises, often necessitating transfers from the central government with adverse consequences on public sector saving.

171. There is a growing perception and appreciation that public enterprises could serve as the vehicle for increased revenue. To that end, governments have restructured, reoriented and recapitalized public enterprises to improve their efficiency and strengthen their competitive position. In many countries these reforms have paid off handsomely, as a result of which public enterprises have managed not only to cover their costs and make profits but also to contribute to the government treasury.

172. The process of reform should continue to deepen and broaden the efficiency and profitability of these enterprises. Concomitant with their reform governments should also consider the most opportune mechanism to spin them off as private concerns. One possible avenue for their divesture with positive impact on resource mobilization is to convert them into limited lability companies with shares made available to the wider public, especially the small savers. Such a process of governmental disinvestment would lead to an increase in government income relative to what it would be under the wholesale privatization, beside spurring the development of capital market as a means of mobilizing domestic financial resources.

7. Rationalizing government expenditure

173. On the expenditure side, a rise in state revenue constitutes a powerful incentive to step up public expenditure. During the last few years, expenditures have been rising in many African countries because of: increased outlay for social services: general government administration; defence and security, subsidies to public enterprises and utilities, debt service payments, etc., without a concomitant rise in revenue. In some African countries efforts are being made to limit recurrent expenditures by streamlining administrative services, making public enterprises self-financing and through cost-sharing in social services. In spite of these measures the fiscal potential for mobilizing developmental resources in African countries has not yet been fully exploited. Therefore, government should design and adopt a program of austerity with efficient use and strict control of budgetary expenditures to eliminate internal leakages in the form of wasteful expenditures, and shift savings to finance investment. In this connection, African Governments need to introduce and further enhance cost-effective operations and revise their defense and security related outlays. Although significant strides have been made by a number of countries, more needs to be done to divert resources from these lines of expenditure to more productive uses.

174. Overall, it is essential to underline once again the imperative of domestic resource mobilization in fostering and sustaining enduring socio-economic transformation in Africa. African countries urgently need to develop appropriate modalities and policies for tapping into the huge potentials of domestic resources.

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Annexes

TABLE 1. BASIC INDICATORS

	GDP 1994 IN MILLION US $	POP 1994 IN THOUSANDS	GDP PER HEAD ($)	CONSUMER PRICE INDEX (1994) 1990=100 (% CHANGE)
Central Africa	***40878***	***94164***	***434***	***12366.2***
Central Africa w/o Zaire	34046	51688	434	27.1
Angola	8529	10674	799	
Burundi	1402	6168	227	14.8
Cameroon	10690	12905	828	
Central Af. Rep.	1562	3344	467	24.6
Chad	1455	6183	235	40.8
Congo	2872	2515	1142	
Eq. Guinea	168	389	432	
Gabon	5953	1323	4500	
Rwanda	1359	8057	169	
Sao Tome & P.	56	130	431	
Zaire	6832	42476	161	23773
East Africa	***29932***	***158735***	***189***	***20.0***
Comoros	269	630	427	
Djibouti	479	496	966	
Eritrea				
Ethiopia	5681	56316	101	7.6
Kenya	9163	26975	340	29
Madagascar	3119	13702	228	38.9
Mauritius	3107	1120	2774	7.3
Seychelles	394	73	5397	1.8
Somalia	425	9845	43	
Tanzania	2723	29755	92	34.1
Uganda	4572	19823	231	9.7
North Africa	***193388***	***154858***	***1249***	***12.0***
Algeria	56542	27815	2033	29
Egypt	52002	57285	908	8.2
Libya	29715	5225	5687	
Morocco	28983	27601	1050	5.1
Sudan	10459	28175	371	
Tunisia	15687	8757	1791	4.7
Southern Africa	***129820***	***94719***	***1371***	***20.0***
Botswana	4043	1392	2904	10.5
Lesotho	651	1929	337	
Malawi	1851	11008	168	34.7
Mozambique	1491	15823	94	
Namibia	2386	1635	1459	10.8
South Africa	107234	41749	2569	9
Swaziland	982	836	1175	14.3
Zambia	4011	9132	439	53.7
Zimbabwe	7171	11215	639	22.3
West Africa	***80646***	***219415***	***368***	***45.3***
Benin	2183	5235	417	38.5
Burkina Faso	3174	10069	315	25.2
Cape Verde	433	407	1064	
Cote D'ivoire	9913	13895	713	26.1
Gambia	333	956	348	1.7
Ghana	7568	16944	447	24.9
Guinea	3307	6501	509	
Guinea B.	289	1050	275	15.2
Liberia	1184	2941	403	
Mali	2668	10464	255	23.2
Mauritania	1202	2270	530	
Niger	2468	8813	280	36
Nigeria	37802	123079	307	57
Senegal	5900	8165	723	32.3
Sierra Leone	814	4616	176	24.2
Togo	1408	4010	351	
Total Africa	***474664***	***721891***	***658***	***1687.5***
Total Africa w/o Zaire	467832	679415	497	27.6

Source: ECA Secretariat

TABLE 2. GROSS DOMESTIC PRODUCT IN US DOLLARS

	AT 1990 PRICES					GROWTH RATES		
	1980	1985	1990	1994	1995	1980-95	1985-95	1995
Central Africa	***37307***	***48710***	***46490***	***41196***	***41700***	***0.7***	***-1.5***	***1.2***
Angola	9708	10607	10303	8847	9204	-0.4	-1.4	4.0
Burundi	671	903	1107	1402	1445	5.2	4.8	3.1
Cameroon	7828	14385	12565	10690	10797	2.2	-2.8	1.0
Central Af. Rep.	1329	1479	1521	1562	1587	1.2	0.7	1.6
Chad	826	1078	1230	1455	1506	4.1	3.4	3.5
Congo	1717	2878	2851	2872	2883	3.5	0.0	0.4
Eq. Guinea	142	143	161	168	170	1.2	1.7	1.2
Gabon	5096	6294	5490	5953	6015	1.1	-0.5	1.0
Rwanda	2072	2389	2530	1359	1359	-2.8	-5.5	0.0
Sao Tome & P.	84	77	55	56	56	-2.7	-3.1	0.0
Zaire	7834	8477	8677	6832	6678	-1.1	-2.4	-2.3
East Africa	***20975***	***22831***	***28323***	***29932***	***31280***	***2.7***	***3.2***	***4.5***
Comoros	193	229	244	269	276	2.4	1.9	2.6
Djibouti	421	445	471	479	491	1.0	1.0	2.5
Eritrea								
Ethiopia	5068	5043	6005	5681	5863	1.0	1.5	3.2
Kenya	5759	6829	8676	9163	9721	3.6	3.6	6.1
Madagascar	2722	2591	3081	3119	3244	1.2	2.3	4.0
Mauritius	1462	1823	2555	3107	3262	5.5	6.0	5.0
Seychelles	272	291	373	394	403	2.7	3.3	2.3
Somalia	555	632	669	425	425	-1.8	-3.9	0.0
Tanzania	1961	2076	2542	2723	2818	2.4	3.1	3.5
Uganda	2562	2872	3707	4572	4777	4.2	5.2	4.5
North Africa	***139804***	***170136***	***178672***	***193388***	***195265***	***2.3***	***1.4***	***1.0***
Algeria	44913	56396	55492	56542	57194	1.6	0.1	1.2
Egypt	33511	47029	48468	52002	53302	3.1	1.3	2.5
Libya	27834	27346	28152	29715	30330	0.6	1.0	2.1
Morocco	17336	20434	25222	28983	27534	3.1	3.0	-5.0
Sudan	8175	8356	9025	10459	10165	1.5	2.0	-2.8
Tunisia	8035	10575	12313	15687	16740	5.0	4.7	6.7
Southern Africa	***102044***	***112607***	***127540***	***129820***	***133624***	***1.8***	***1.7***	***2.9***
Botswana	1224	2105	3296	4043	4249	8.7	7.3	5.1
Lesotho	384	413	582	651	681	3.9	5.1	4.6
Malawi	1382	1612	1858	1851	1965	2.4	2.0	6.2
Mozambique	1363	1064	1272	1491	1521	0.7	3.6	2.0
Namibia	1986	1942	2184	2386	2446	1.4	2.3	2.5
South Africa	86484	95061	106739	107234	110322	1.6	1.5	2.9
Swaziland	365	491	862	982	1029	7.2	7.7	4.8
Zambia	3807	3970	3947	4011	4049	0.4	0.2	0.9
Zimbabwe	5049	5949	6800	7171	7362	2.5	2.2	2.7
West Africa	***70941***	***66404***	***73918***	***80430***	***83685***	***1.1***	***2.3***	***4.0***
Benin	1483	1717	1846	2183	2307	3.0	3.0	5.7
Burkina Faso	1553	1978	2590	3174	3366	5.3	5.5	6.0
Cape Verde	242	287	373	433	448	4.2	4.6	3.5
Cote D'ivoire	10548	10130	9899	9913	10567	0.0	0.4	6.6
Gambia	242	215	309	333	343	2.4	4.8	3.0
Ghana	5070	4983	6221	7568	8092	3.2	5.0	6.9
Guinea	2111	2306	2815	3307	3453	3.3	4.1	4.4
Guinea B.	140	155	253	289	292	5.0	6.5	1.0
Liberia	2416	2305	2000	1184	1184	-4.6	-6.4	0.0
Mali	1981	1994	2447	2550	2703	2.1	3.1	6.0
Mauritania	970	927	1024	1182	1237	1.6	2.9	4.7
Niger	2499	2343	2481	2468	2561	0.2	0.9	3.8
Nigeria	35053	30013	33563	37802	38709	0.7	2.6	2.4
Senegal	4470	4944	5703	5822	6087	2.1	2.1	4.6
Sierra Leone	798	783	857	814	834	0.3	0.6	2.5
Togo	1365	1324	1537	1408	1502	0.6	1.3	6.7
Total Africa	***371071***	***420688***	***454943***	***474766***	***485554***	***1.8***	***1.4***	***2.3***

Source: ECA Secretariat

TABLE 3. AGRICULTURAL INDICATORS

	Arable land Ha per head	Agriculture * in Million $ at 1990 prices	Food production per head Index (1979-81=100)		Production of cereals (Kg per head)	Cereals imports (Kg per head)
	1991	1995	1985	1995	1995	1991
Central Africa	***0.30***	***10980***		***80.1***		***15.8***
Angola	0.35	1634	88.3	69.1	25.9	33.6
Burundi	0.23	639	100.7	81.2	44.5	5.6
Cameroon	0.57	3235	95.6	75.8	74.2	46.2
Central African Republic	0.63	766	89.5	100	26.8	8.8
Chad	0.55	578	97.8	91.8	151.4	13.1
Congo	0.07	343	97.9	75.9	10.5	43.0
Equatorial Guinea	0.62	79				26.1
Gabon	0.37	546	83.5	75	20.3	60.1
Rwanda	0.15	864	98.3	63.2	18.2	2.7
Sao Tome & Principe	0.29	11	75.2	69.1	32.3	67.2
Zaire	0.20	2285	100.5	85.2	40.3	8.1
East Africa		***10015***		***53.5***	***119.8***	
Comoros	0.17	111	87.1	80.5	28.3	83.4
Djibouti	4.96	13			0.0	171.1
Eritrea						
Ethiopia	0.26	2321	88.1	..	120.8	16.1
Kenya	0.10	2245	100.5	80.5	97.9	14.0
Madagascar	0.24	1010	96.5	79.9	184.1	9.5
Mauritius	0.10	285	104.4	102.8	1.6	170.2
Seychelles	0.09	17	..			214.1
Somalia	0.11	362	..	76.7	39.5	22.2
Tanzania	0.12	1325	94.0	76.7	150.2	5.0
Uganda	0.36	2326	95.4	101.5	101.9	1.5
North Africa	***0.27***	***27437***		***116.6***	***172.7***	***138.1***
Algeria	0.29	6547	114.3	125.1	75.3	217.8
Egypt	0.05	8915	105.4	124.5	294.9	148.9
Libya	0.44	1209	95.4	53.9	47.9	453.9
Morocco	0.36	4636	111.4	105	74.1	78.1
Sudan	0.48	4076	92.8	121.2	173.4	47.1
Tunisia	0.58	2054	121.7	97.9	69.5	114.2
Southern Africa		***8382***		***67.3***	***126.9***	
Botswana	1.07	211	78.5	62.6	15.3	79.8
Lesotho	0.18	69	83.9	46	22.7	57.1
Malawi	0.17	592	84.1	59.6	133.6	12.5
Mozambique	0.22	474	91.2	84.9	68.9	33.7
Namibia	0.43	298	72.3	70.1		..
South Africa		4759		64.5	180.3	
Swaziland	0.26	112	96.9	80.2	83.1	71.1
Zambia	0.61	716	93.5	79.4	93.9	12.8
Zimbabwe	0.27	1151	113.6	52.9	85.5	13.2
West Africa	***0.27***	***29318***		***130.2***	***52.4***	***24.6***
Benin	0.38	906	114.2	112.8	119.6	46.7
Burkina Faso	0.37	1415	111.7	125.6	240.7	19.7
Cape Verde	0.10	200	84.6	89.8	20.3	202.8
Cote d'Ivoire	0.29	3919	99.0	89.4	93.1	53.8
Gambia	0.20	91	100.6	68.6	110.7	115.6
Ghana	0.17	3503	104.9	130.3	91.3	22.9
Guinea	0.12	657	95.7	107.2	176.4	51.5
Guinea Bissau	0.34	131	108.3	112	..	66.2
Liberia	0.14	569	98.9	52.7	16.5	66.8
Mali	0.21	1237	94.1	89.1	225.0	24.5
Mauritania	0.10	358	86.5	87.4	107.1	168.8
Niger	0.44	1012	67.9	77.9	0.0	18.5
Nigeria	0.28	13173	100.7	152.7	0.0	7.0
Senegal	0.30	1199	109.5	110.3	113.6	107.0
Sierra Leone	0.15	245	94.0	75.6	71.3	44.0
Togo	0.18	703	91.1	84.1	112.6	67.5
Total Africa		***79747***			***102.0***	

Source: ECA Secretariat

TABLE 4. PRODUCTION AND CONSUMPTION OF SELECTED SOURCES OF ENERGY, 1993

Sub-region/Country	Electriccity Production by type (in million KW/h)			Commercial energy consumption		Total energy requirement ('000 Terajoules)
	Thermal	Hydro	Total	Per capita Kilogramme	Total ('000 TCE)	
Central Africa	***1075***	***11617***	***12692***		***7185***	***1013***
Angola	480	1375	1855	88	902	84
Burundi	2	115	117	20	118	48
Cameroon	78	2648	2726	97	1220	153
Central African Republic	19	78	97	37	117	35
Chad	87	0	87	7	44	38
Congo	3	428	431	337	824	47
Equatorial Guinea	17	2	19	158	60	6
Gabon	212	710	922	888	1108	62
Rwanda	4	230	234	34	256	60
Sao Tome & Principe	7	8	15	283	36	1
Zaire	166	6023	6189	61	2500	479
East Africa	***2210***	***5987***	***8197***	...	***8100***	***1713***
Comoros	14	2	16	51	31	1
Djibouti	182	0	182	1097	611	18
Eritrea	...	...	...	...	...	...
Ethiopia	90	1135	1225	30	1545	492
Kenya	131	2993	3124	116	3068	463
Madagascar	252	347	599	37	506	96
Mauritius	884	104	988	652	711	37
Seychelles	110	0	110	1028	74	2
Somalia	258	0	258	...		88
Uganda	7	781	788	27	540	151
United Rep. of Tanzania	282	625	907	37	1023	365
North Africa	***91227***	***10319***	***101546***	...	***117039***	***3889***
Algeria	19062	353	19415	1511	40380	1209
Egypt	38950	8520	47470	694	41839	1357
Libyan Arab Jamahiriya	17000	0	17000	3090	15600	480
Morocco	9474	443	9917	391	10150	312
Sudan	189	939	1328	61	1629	281
Tunisia	6352	64	6416	868	7441	250
Southern Africa	***7755***	***10483***	***18238***		***9712***	***722***
Botswana	1109		1109			
Lesotho		...	...			...
Malawi	16	779	795	37	389	108
Mozambique	440	50	490	33	492	162
Namibia				...		
South Africa				...		...
Swaziland	200	216	416			
Zambia	40	7745	7785	195	1746	182
Zimbabwe	5950	1693	7643	660	7085	270
Western Africa	***11952***	***11019***	***22971***		***35396***	***2814***
Benin	5	0	5	45	230	58
Burkina Faso	196	0	196	28	275	97
Cape Verde	37	0	37	138	51	2
Cote d'Ivoire	812	1098	1910	280	3726	222
Gambia	73	0	73	96	100	12
Ghana	39	6115	6154	140	2301	219
Guinea	348	188	536	83	521	54
Guinea Bissau	42	0	42	104	107	7
Liberia	305	175	480	59	169	55
Mali	118	212	330	24	241	64
Mauritania	120	26	146	617	1334	39
Niger	173	0	173	58	495	65
Nigeria	8600	3200	11800	228	24047	1779
Senegal	765	0	765	166	1309	84
Sierra Leone	233	0	233	45	193	37
Togo	86	5	91	76	295	20
Total Africa	***114215***	***49425***	***163644***		***177439***	***10151***

Sources: UN, Energy Statistics Yearbook, 1993 Sales No. E/F.95.XVII.9 and Country sources.

... = Not available.

TCE = Tons coal equivalent.

TABLE 5. MERCHANDISE TRADE VALUE AND AVERAGE GROWTH RATE (MILLION US DOLLARS)

Sub-region/ country	Exports			Imports			Balance of trade			Growth rate (%)			
										Import		Export	
	1989	1993	1994	1989	1993	1994	1989	1993	1994	1994/89	1994/93	1994/89	1994/93
Central Africa	9535.9	8117.3	8733.6	5714.7	4853	4909.1	3821.2	2222.1	3438.1	-1.7	7.6	-3.0	1.2
Angola	2824.0	2854.0	2995.0	1183.0	1337.0	1450.0	1641.0	1517.0	1545.0	1.2	4.9	4.2	8.5
Burundi	93.2	75.0	104.9	151.4	172.8	194.3	-58.2	-97.8	-89.4	2.4	39.9	5.1	12.4
CAR	148.1	132.5	145.9	186.0	158.1	130.6	-37.9	-25.6	15.3	-0.3	10.1	-6.8	-17.4
Cameroon	1853.8	1144.2	1507.7	1136.8	927.5	1005.3	717.0	216.7	502.4	-4.0	31.8	-2.4	8.4
Chad	155.4	151.8	151.8	240.3	215.2	215.2	-84.9	-63.4	-63.4	-0.5	0.0	-2.2	0.0
Congo	1160.5	1107.5	963.0	532.0	490.9	472.0	628.5	616.6	491.0	-3.7	-13.0	-2.4	-3.9
Eq. Guinea	43.9	56.9	59.3	36.5	60.0	39.4	7.4	1047.5	923.6	6.2	4.2	1.5	-34.3
Gabon	1626.0	2149.7	2349.4	751.7	845.1	756.4	874.3	-788.2	-697.1	7.6	9.3	0.1	-10.5
Rwanda	88.0	67.5	67.5	333.0	294.5	294.5	-245.0	-227.0	-227.0	-5.2	0.0	-2.4	0.0
Sao Tome & Pri	4.0	6.2	7.1	16.0	30.9	22.4	-12.0	-24.7	-15.3	12.2	14.5	7.0	-27.5
Zaire	1539.0	372.0	382.0	1148.0	321.0	329.0	391.0	51.0	53.0	-24.3	2.7	-22.1	2.5
East Africa	3591.8	3969.5	4803.1	6577.5	6473	7792.9	-2985.5	-2505.5	-2989.8	6.0	21.0	3.4	20.4
Comoros	25.0	21.2	24.0	78.0	80.9	52.6	-53.0	-59.7	-28.6	-0.8	13.2	-7.6	-35.0
Djibouti	144.0	167.0	167.0	300.0	340.0	340.0	-156.0	-173.0	-173.0	3.0	0.0	2.5	0.0
Ethiopia	443.8	198.8	327.0	817.9	663.9	898.0	-374.1	-465.1	-571.0	-5.9	64.5	1.9	35.3
Kenya	970.0	1343.3	1554.7	2148.0	1445.7	1855.1	-1178.0	-102.4	-300.4	9.9	15.7	-2.9	28.3
Madagascar	321.0	240.0	277.1	320.0	459.0	375.2	1.0	-219.0	-98.1	-2.9	15.5	3.2	-18.3
Mauritius	986.0	1302.8	1376.9	1324.0	1546.2	1769.7	-338.0	-243.4	-392.8	6.9	5.7	6.0	14.5
Seychelles	14.5	51.0	51.9	139.6	164.6	179.3	-125.1	-113.6	-127.4	29.1	1.8	5.1	8.9
Somalia	120.0	103.0	102.0	404.0	217.0	263.0	-284.0	-114.0	-161.0	-3.2	-1.0	-8.2	21.2
Tanzania	318.0	345.7	520.3	691.0	1102.3	1277.7	-373.0	-756.6	-757.4	10.3	50.5	13.1	15.9
Uganda	249.5	196.7	402.2	354.8	453.4	782.3	-105.3	-256.7	-380.1	10.0	104.5	17.1	72.5
North Africa	25818.0	27665.6	29954.0	33205.0	36238.9	38674.6	-7387.0	-8573.3	-8720.6	3.0	5.5	3.1	6.7
Algeria	9221.0	10330.0	9670.0	8913.0	7770.0	8890.0	308.0	2560.0	780.0	1.0	-6.4	-0.1	14.4
Egypt	2648.0	2242.7	4044.0	7448.0	7358.4	9997.0	-4800.0	-5115.7	-5953.0	8.8	80.3	6.1	35.9
Libyan Arab J.	7017.0	7680.0	7340.0	5620.0	8200.0	6280.0	1397.0	-520.0	1060.0	0.9	-4.4	2.2	-23.4
Morocco	3312.0	3423.9	4000.3	5489.0	6514.6	6537.9	-2177.0	-3090.7	-2537.6	3.8	16.8	3.6	0.4
Sudan	585.0	185.0	257.0	1301.0	600.0	840.0	-716.0	-415.0	-583.0	-15.2	38.9	-8.4	40.0
Tunisia	3035.0	3804.0	4642.7	4434.0	5795.9	6129.7	-1399.0	-1991.9	-1487.0	8.9	22.0	6.7	5.8
Southern Africa	29437	30670.2	33454.1	23353.7	25723.7	29879.6	6083.3	4946.5	2574.5	3.0	5.8	5.1	16.2
Botswana	1859.7	1584.0	1878.4	1275.9	1438.0	1350.0	583.8	146.0	528.4	0.2	18.6	1.1	-6.1
Lesotho	66.4	134.0	143.5	592.6	911.6	810.2	-526.2	-777.6	-666.7	16.7	7.1	6.5	-11.1
Malawi	268.8	317.5	362.6	204.8	340.2	639.0	64.0	-22.7	-276.4	6.2	14.2	25.6	87.8
Mozambique	105.0	132.0	150.0	727.2	859.5	1019.0	-622.2	-727.5	-869.0	7.4	13.6	7.0	18.6
Namibia	1122.2	1304.6	1321.4	933.0	1130.4	1156.4	189.2	174.2	165.0	3.3	1.3	4.4	2.3
South Africa	22399.0	23925.0	25000.0	16810.0	17980.0	21521.0	5589.0	5945.0	3479.0	2.2	4.5	5.1	19.7
Swaziland	493.8	651.0	658.2	515.4	775.0	924.0	-21.6	-124.0	-265.8	5.9	1.1	12.4	19.2
Zambia	1428.6	1013.0	1075.0	976.5	802.0	845.0	452.1	211.0	230.0	-5.5	6.1	-2.9	5.4
Zimbabwe	1693.5	1609.1	1865.0	1318.3	1487.0	1615.0	375.2	122.1	250.0	1.9	15.9	4.1	8.6
West Africa	17596.6	18204.1	16983.4	11947.3	15441.0	13971.2	5649.3	2763.1	3012.2	-0.7	-6.7	3.2	-9.5
Benin	178.4	332.7	301.0	387.0	571.4	365.8	-208.6	-238.7	-64.8	11.0	-9.5	-1.1	-36.0
Burkina Faso	215.7	276.5	225.9	501.6	643.4	365.1	-285.9	-366.9	-139.2	0.9	-18.3	-6.2	-43.3
Cape Verde	6.7	4.4	4.4	106.9	173.3	173.3	-100.2	-168.9	-168.9	-8.2	0.0	10.1	0.0
Côte d'Ivoire	2696.8	2734.1	2874.6	1777.1	1662.3	1566.1	919.7	1071.8	1308.5	1.3	5.1	-2.5	-5.8
Gambia	100.2	157.0	125.0	125.4	214.5	181.6	-25.2	-57.5	-56.6	4.5	-20.4	7.7	-15.3
Ghana	807.2	1020.0	1226.8	1002.2	1661.0	1579.9	-195.0	-641.0	-353.1	8.7	20.3	9.5	-4.9
Guinea	595.6	561.1	488.1	531.6	582.7	528.9	64.0	-21.6	-40.8	-3.9	-13.0	-0.1	-9.2
Guinea Bissau	14.2	16.0	32.3	67.4	53.5	55.0	-53.2	-37.5	-22.7	17.9	101.9	-4.0	2.8
Liberia	410.0	160.0	127.6	323.0	187.5	173.5	87.0	-27.5	-45.9	-20.8	-20.3	-11.7	-7.5
Mali	269.3	343.6	319.7	338.8	463.5	421.6	-69.5	-119.9	-101.9	3.5	-7.0	4.5	-9.0
Mauritania	447.9	403.0	403.0	349.3	400.4	400.4	98.6	2.6	2.6	-2.1	0.0	2.8	0.0
Niger	311.0	238.4	226.4	368.6	244.0	245.4	-57.6	-5.6	-19.0	-6.2	-5.0	-7.8	0.6
Nigeria	10311.0	10900.0	9459.0	4417.0	7100.0	6511.0	5894.0	3800.0	2948.0	-1.7	-13.2	8.1	-8.3
Senegal	758.6	722.6	793.8	998.4	1105.4	1029.6	-239.8	-382.8	-235.8	0.9	9.9	0.6	-6.9
Sierra Leone	138.0	120.0	115.8	183.0	129.5	132.0	-45.0	-9.5	-16.2	-3.4	-3.5	-6.3	1.9
Togo	336.0	214.7	260.0	470.0	248.6	242.0	-134.0	-33.9	18.0	-5.0	21.1	-12.4	-2.7
Total Africa	85979.3	88636.7	93928.2	80798.0	88729.6	95227.4	5181.3	-1145.1	-3085.6	1.6	4.9	3.3	7.5

Source: International financial Statistics, IMF (various issues), Economist Intelligence Unit and ECA Secretariat.

TABLE 6. EXTERNAL PUBLIC DEBT AND DEBT SERVICE RATIOS, 1994

Sub-region/Country	Debt stock ($US Million)			Debt stock as per cent of GDP	Debt service		
	Long-term	Short-term	Total		Amount ($US Million)	as per cent of GDP	XGS*
Central Africa	***36069***	***7725***	***43794***	***162.0***	***1337***	***4.9***	***12.3***
Angola	8450	2158	10608	204.0	74	1.4	2.5
Burundi	1064	62	1126	103.1	41	3.8	25.2
Cameroon	6217	1058	7275	112.1	374	5.8	16.5
Central African Republic	807	84	891	99.2	23	2.6	12.4
Chad	744	73	817	102.6	15	1.9	8.3
Congo	4667	608	5275	306.5	555	32.2	51.5
Equatorial Guinea	222	69	291	136.0	2	0.9	3.0
Gabon	3483	485	3968	92.4	252	5.9	10.4
Rwanda	905	49	954	95.4	6	0.6	11.8
Sao Tome & Principe	229	23	252	763.6	3	9.1	25.0
Zaire	9281	3056	12337	232.8	66	1.2	4.5
East Africa	***27289***	***4668***	***31957***	***128.2***	***1541***	***6.2***	***18.6***
Comoros	176	10	186	97.9	3	1.6	5.1
Djibouti	207	40	247	52.6	9	1.9	2.2
Eritrea	...			..			
Ethiopia	4816	243	5059	109.7	92	2.0	11.7
Kenya	6181	1093	7274	126.5	888	15.4	33.3
Madagascar	3565	569	4134	175.2	60	2.5	7.6
Mauritius	1063	292	1355	39.3	145	4.2	6.9
Seychelles	147	23	170	34.0	18	3.6	6.2
Somalia	1935	682	2617		0	...	...
Tanzania	6244	1198	7442	303.9	174	7.1	20.4
Uganda	2955	518	3473	67.4	152	2.9	44.2
North Africa	***101614***	***15215***	***116829***	***73.8***	***12752***	***8.0***	***25.5***
Algeria	28103	1796	29899	70.7	5364	12.7	55.3
Egypt	30913	2445	33358	64.6	2279	4.4	14.6
Libyan Arab Jamahiriya	2800	2044	4844	33.0	765	5.2	10.4
Morocco	21818	695	22513	70.2	2920	9.1	32.1
Sudan	9868	7093	16961	977.6	1	0.1	0.2
Tunisia	8112	1142	9254	57.8	1423	8.9	18.4
Southern Africa	***16728***	***3247***	***36575***	***26.0***	***2848***	***2.0***	***7.6***
Botswana	681	10	691	20.0	92	2.7	3.9
Lesotho	516	84	600	74.7	30	3.7	4.5
Malawi	1889	125	2014	274.8	67	9.1	17.5
Mozambique	5047	444	5491	422.1	91	7.0	23.0
Namibia	...	...	...	0.0	...	...	...
South Africa	...	...	16600	13.6	1565	1.3	5.4
Swaziland	227	10	237	24.0	25	2.5	2.5
Zambia	4872	1702	6574	176.3	369	9.9	31.2
Zimbabwe	3496	872	4368	89.5	609	12.5	26.9
West Africa	***66621***	***14294***	***80915***	***112.4***	***4442***	***6.2***	***22.7***
Benin	1508	111	1619	68.7	41	1.7	8.2
Burkina Faso	1037	89	1126	63.3	44	2.5	20.7
Cape Verde	159	11	170		6	...	12.0
Cote d'Ivoire	13882	4569	18451	237.6	1274	16.4	37.4
Gambia	364	55	419	139.7	31	10.3	19.0
Ghana	4107	1282	5389	100.7	343	6.4	24.6
Guinea	2881	223	3104	90.8	97	2.8	16.3
Guinea-Bissau	736	81	817	408.5	7	3.5	12.7
Liberia	2056	919	2975	...	15	...	...
Mali	2781	158	2939	161.4	130	7.1	27.3
Mauritania	2081	245	2326	229.2	105	10.3	23.3
Niger	1468	102	1570	100.4	66	4.2	26.0
Nigeria	28479	5006	33485	80.6	1916	4.6	19.6
Senegal	3117	561	3678	94.8	197	5.1	11.3
Sierra Leone	737	655	1392		146		100.0
Togo	1228	227	1455	145.5	24	2.4	7.6
Total Africa	***248321***	***45149***	***310070***	***73.2***	***22920***	***5.4***	***18.2***

Source: ECA Secretariat calculation based on the World Bank's Debt Tables.

* XGS = Export of goods and Services.

TABLE 7. SOCIAL INDICATORS - EDUCATION

	School Enrolment ratio 1990	Primary education enrolment ratio 1993	Adult female literacy rate 1990	Adult literacy rate 1990	Scientists/Technicians Per '000 1992
Central Africa	***38***	***83***	***48***	***59***	***0.3***
Angola	32	91	29	43	..
Burundi	30	69	19	32	0.1
Cameroon	52	101	44	57	..
Central Af. Rep.	35	69	41	51	0.1
Chad	29	65	29	43	..
Congo		..	59	69	1.0
Eq. Guinea	64				
Gabon	..	..	45	57	0.2
Rwanda	39	77	44	55	..
Sao Tome & P.		..	..	..	..
Zaire	38	..	61	72	..
East Africa	***33***	***54***	***41***	***51***	***0.1***
Comoros	34				
Djibouti	24	..	..	..	..
Eritrea	..	..	..	..	..
Ethiopia	17	22	21	31	..
Kenya	58	95	62	72	..
Madagascar	40	79	73	81	0.1
Mauritius	57		75	80	0.5
Seychelles	..		..	..	0.3
Somalia		12	14	25	
Tanzania	32	68	50	63	..
Uganda	41	71	44	57	..
North Africa	***58***	***87***	***34***	***47***	***0.8***
Algeria	60	99	41	55	..
Egypt	66	102	34	48	0.8
Libya			54	69	0.6
Morocco	37	69	26	39	..
Sudan		52	28	41	..
Tunisia	62	120	47	60	..
Southern Africa	***43***	***96***	***79***	***88***	***0.4***
Botswana	64	116	55	67	..
Lesotho	58	106	57	68	..
Malawi	38	66	37	53	..
Mozambique	24	60	19	36	..
Namibia	..	124	..	..	..
South Africa	..	109	79	80	0.4
Swaziland	64	..		..	..
Zambia	47	97	65	74	..
Zimbabwe	66	119	77	83	..
West Africa	***35***	***63***	***22***	***33***	***0.1***
Benin	30	59	19	31	0.2
Burkina Faso	17	38	7	17	..
Cape Verde	49		..	..	..
Cote d'Ivoire	37	70	24	34	..
Gambia	29	69	20	34	..
Ghana	46	74	46	59	..
Guinea	19	42	18	32	0.3
Guinea B.	25	60	37	50	..
Liberia	..	40	18	34	..
Mali	..	26	17	25	..
Mauritania	25	63	24	36	..
Niger	14	29	5	12	..
Nigeria	37	70	..	..	0.1
Senegal	30	59	19	29	0.6
Sierra Leone	29	48	14	27	..
Togo	54	111	30	46	..
Total Africa	***34***	***61***	***77***	***37***	***0.3***

Source : UNICEF, The State of the World's Children, 1996; and UNDP, Human Development Report, 1995

TABLE 8. HEALTH INDICATORS

	Life expectancy at birth (Years) 1994	Infant mortality rate 1994 (per '000)	Under 5 Mortality rate 1994 (per '000)	% of population with access to safe water 1990-1995	% of population with access to health services 1985-95
Central Africa	***51***	***112***	***180***	***37***	***44***
Angola	46	170	292	32	30
Burundi	50	106	176	70	80
Cameroon	56	69	109	50	70
Central African Republic	49	103	175	18	45
Chad	47	119	202	24	30
Congo	51	82	109	38	83
Equatorial Guinea	...	...	...	...	...
Gabon	53	91	151	68	90
Rwanda	47	80	139	66	80
Sao Tome & Principe	...	...	...	...	...
Zaire	52	120	186	27	26
East Africa	***29***	***104***	***173***	***22***	***30***
Comoros	...	...	...	...	...
Djibouti	...	...	...	...	...
Eritrea	50	117	200	...	...
Ethiopia	47	117	200	25	46
Kenya	56	61	90	53	77
Madagascar	56	100	164	29	65
Mauritius	70	19	23	99	100
Seychelles	...	...	...	...	...
Somalia	47	125	211	37	27
Tanzania	52	105	159	50	80
Uganda	45	111	185	34	49
North Africa	***62***	***50***	***68***	***73***	***85***
Algeria	67	54	65	79	98
Egypt	63	41	52	80	99
Libya	63	64	95	97	...
Morocco	63	46	56	55	70
Sudan	53	74	122	60	70
Tunisia	68	28	34	99	90
Southern Africa	***55***	***88***	***136***	***59***	***37***
Botswana	65	42	54	93	89
Lesotho	60	106	156	52	80
Malawi	46	140	221	47	80
Mozambique	46	161	277	33	39
Namibia	59	62	78	57	62
South Africa	63	52	68	70	...
Swaziland	...	...	...	...	...
Zambia	49	114	203	50	75
Zimbabwe	54	57	81	77	85
West Africa	***50***	***110***	***187***	***47***	***58***
Benin	47	85	142	50	18
Burkina Faso	47	89	169	78	90
Cape Verde	...	...	...	...	...
Cote d'Ivoire	51	90	150	72	30
Gambia	45	129	213	48	93
Ghana	56	76	131	56	60
Guinea	44	131	223	55	80
Guinea Bissau	43	137	231	53	40
Liberia	55	144	217	46	39
Mali	46	119	214	37	30
Mauritania	51	114	199	66	63
Niger	46	191	320	54	32
Nigeria	50	114	191	40	66
Senegal	49	60	115	52	40
Sierra Leone	39	164	284	34	38
Togo	55	83	132	63	61
Total Africa	***42***	***70***	***113***	***43***	***46***

Source: UNICEF, The State of the World's Children, 1996
UNDP, Human Development Report, 1995