I. INTRODUCTION

1. The World Project Link which is now being implemented by the United Nations Department of International Economic and Social Affairs (DIESA) in New York, in collaboration with the University of Pennsylvania's Department of Economics and the University of Toronto's Institute for Policy Analysis, has been making short-term and medium-term forecasts for the past years for the different regions and countries of the World, including the African region. This year Fall meeting was held in Moscow (USSR) from 23-28 September 1991 and more than 100 participants coming from all over the world - Europe, North America, Latin America, Asia, and Africa - were present. The ECA was invited to participate and its contribution on "Developing Africa's Economic Outlook" is given for information in Annex of this report. Thus, this mission report will first provide the summary results of the Project Link's projections of the GNP growth for the various regions in the World including Africa up to 1995; then it will highlight some of the global issues and emerging challenges facing the World economy that were discussed at the meeting and that are likely to affect the African economies in the future.

II. WORLD PROJECT LINK FORECASTING

2.1 The World Economic Situation in 1990-1991

2. The temporary surge in oil prices, the disruption to trade, the curtailment of workers' remittances, and the destruction of facilities during the Gulf crisis had reinforced recesionary tendencies in many parts of the World economy in 1991 that were already apparent in mid-1990. Table 1 shows that the recession was widespread among the developed market economies, affecting France, the United Kingdom and the United States. Growth was slowed down in the Federal Republic of Germany and Japan, but remained much higher than in most other developed market economies.

3. In Eastern Europe and the U.S.S.R., a further sharp decline in output was recorded in 1991 reflecting the transitory costs of the major economic and political reforms underway.

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Table 1: <u>Economic Performance and Forecasts of Developed Countries</u> (Constant 1970 US Dollars) (Percentage) (Baseline Scenario)

| | GNP Growth | | | | | | Mean |
	1990	1991	1992	1993	1994	1995	
World Total	1.2	0.9	2.6	3.1	3.7	3.3	2.4
1)Developed Market Economies	2.4	1.7	3.1	3.2	3.1	2.9	2.6
-North America	1.0	0.9	3.8	3.5	3.1	3.2	2.3
-USA	1.0	0.9	3.8	3.4	3.0	3.1	2.3
-European Community	3.5	2.1	2.3	2.7	2.6	2.2	2.6
-GFR*	4.5	2.7	1.2	2.1	1.9	1.6	2.5
-France	2.7	2.1	3.0	3.2	2.8	2.8	2.9
-U.K.	0.9	-0.8	1.8	2.9	2.8	2.3	1.6
-Developed East	4.8	3.4	3.6	4.0	4.1	4.1	4.0
-Japan	5.7	3.4	3.8	4.2	4.3	4.3	4.3
2)Eastern Europe and the U.S.S.R.	-5.6	-6.6	-1.1	0.2	3.1	2.7	-1.3
-U.S.S.R.	-4.8	-5.1	-1.0	-0.1	2.3	1.9	-1.2

<u>Source</u>: UN-DIESA, "Project Link World Outlook", September 23, 1991.

4.   Among the developing countries, overall GNP growth in 1991 remained low, but improved in comparison with 1990, as can be seen from Table 2. Output fell in West Asia due to large output declines in Iraq, Jordan and Kuwait. Also output growth declined in Latin America, particularly in Argentina and Brazil; it was low in the small economies of Central America and the Caribbean. In Africa, GDP growth continued to be less than population growth, although a few countries in the region have begun to exhibit more satisfactory rates of growth. Only the South and East Asian countries recorded high output growth rates albeit somewhat lower than in 1990.

Table 2: Economic Situation and Prospects in Developing Countries (Constant 1970 US Dollars) (Percent) (Baseline Scenario)

| | GNP Growth | | | | | | Mean |
	1990	1991	1992	1993	1994	1995	
1)Latin America and Caribbean	-1.1	1.5	3.5	4.1	4.8	4.7	3.0
-Argentine	-2.1	-1.6	2.0	1.9	1.9	2.2	1.0
-Brazil	-4.9	-0.9	2.8	4.1	5.4	5.5	2.4
-Mexico	2.6	3.4	5.0	5.5	6.4	5.6	4.6
-Venezuela	4.4	5.3	4.7	5.3	4.0	4.8	3.9
2)Africa	2.9	2.8	3.1	3.0	2.9	3.1	2.9
-North Africa	2.8	2.9	2.9	3.2	2.6	3.2	2.8
-Algeria	4.6	4.6	2.2	3.1	2.7	3.9	4.0
-Egypt	1.3	1.7	2.2	2.4	2.2	2.5	1.9
-Sub-Saharan Africa	3.0	2.8	3.4	3.0	3.1	3.1	3.0
-Nigeria	4.9	4.1	4.0	3.3	3.5	3.3	3.6
3)South East Asia	5.8	5.5	6.3	6.7	6.6	6.4	6.0
-Hong Kong	2.6	4.0	5.8	6.1	5.5	5.2	4.6
-India	4.4	3.9	4.4	5.6	5.4	5.3	4.8
-Indonesia	6.5	7.1	7.1	7.3	7.3	7.2	7.3
-Korea Rep.	4.0	7.8	8.4	8.3	8.6	8.6	7.8
-Taiwan Prov.	5.1	6.9	7.3	7.7	7.5	7.0	6.1
-Thailand	10.0	7.3	8.7	8.1	8.5	8.1	7.8
4)China	5.0	5.7	7.0	6.9	7.0	7.0	6.0
5)West Asia	-6.5	-7.9	10.3	6.0	5.8	5.3	2.0
6)Mediterranean	-1.4	-1.8	4.4	4.8	4.5	4.8	2.1
All Developing Countries	2.7	3.7	5.4	5.6	5.7	5.7	4.6

Source: DIESA, Ibid.

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2.3 GNP Forecasts for 1992-1995

5.   The forecasts of the World economy in 1992 and in the medium term 1992-1995 were based on the following assumptions for high growth optimistic scenarios:1/

(a) For developed countries, it was assumed that there will be a sustained increase in their investment activities, especially for the reconstruction in the Gulf, modernization of plant and equipment in Eastern Europe and the USSR, Eastern Germany and in numerous developing countries. Short-term interest rates are assumed to rise in response to economic recovery which will increase national savings, especially in developed market economies. The interest rate differentials among countries is expected to narrow in consistence with exchange rate fluctuations. The fiscal stances in most developed market economies are expected to be moderately restrictive or neutral. The reform efforts in Eastern Europe and the USSR will continue, although there is considerable variation in the speed of implementation.

(b) For developing countries, it is assumed that stabilization and reform programmes will be pursued especially in Africa and Latin America and the Caribbean; through tightening fiscal and monetary policy stances in responses to increasing inflationary pressures, the initial impact of which will tend to be significantly deflationary.

(c) After an average increase of about 28 per cent in 1990, the average dollar price of oil was assumed to decline by about 6 per cent to about $19 per barrel in 1991 and then to rise by 6 per cent in 1992; afterwards, it is assumed to increase by 3 per cent per annum through 1992-1995. Unit value of agricultural exports are expected to fall by 3 per cent in 1991-1992 and then to increase gradually through 1995, but no faster than the prices of exports of manufactures. Regarding raw materials, a slight increase is expected in 1991-1992 and afterwards, a faster increase of 5 per cent per annum is expected though 1995.

6.   On the basis of the above assumptions, the overall World GNP growth which was estimated to have decelerated to 0.9 per cent at the end of 1991 against 1.2 per cent in 1990 is forecast to recover to 2.9 per cent in 1992 and to average around 3 per cent through 1995.2/ However, such growth path is expected to exhibit considerable diversity among countries. For the developed market economies, aggregate GNP growth which decelerated from 2.4 per cent in 1990 to 1.7 per cent in 1991 is expected to recover to 3 per

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1/For further details, see DIESA, "World Economic Situation and Prospects 1991-1995", Occational Paper No.4, April 1991.

2/DIESA Project Link forecasts.

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cent in 1992 and an average 2.8 per cent through 1995; whereas the growth in Eastern Europe and the USSR which declined by 6.6 per cent and 1.1 per cent in 1990 and 1991 respectively, will recover gradually to a growth rate of 3 per cent by 1995. In developing countries, including China, output growth which increased from 2.7 per cent in 1990 to 3.7 per cent in 1991 will further accelerate to about 5 per cent in 1992 and beyond.

7.   The implication of these optimistic projections are that the significant shift in trade balances between net oil exporters and net oil importers which occurred in 1990 will be reduced. Indeed, the aggregate trade surplus in the net energy exporting developing countries is estimated to have increased from $48.1 billion in 1989 to $ 100.9 billion in 1990 as a result of a temporary oil boom in Fall 1990, while the aggregate trade deficit in the net energy importing developing countries is estimated to have widened from $ 17.3 billion in 1989 to $ 40 billion in 1990. With oil prices now assumed to stabilize at roughly current level, these imbalances are expected to be reduced somewhat but still will remain substantial through 1995. As regards trade imbalances among tree major developed countries, the trade deficit of the United States, with increasing exports and lower oil prices, is projected to narrow from $ 113.3 billion in 1990 to $ 88.9 billion in 1995 while the trade surplus in Japan is expected to widen again from $ 63.9 billion in 1990 to $ 112.0 billion in 1995. The trade balance in the enlarged Federal Republic of Germany is projected to swing from a surplus of $ 67.6 billion in 1990 to a deficit of $ 1.2 billion in 1995.3/

8.   Such optimistic projections will also have similar impacts on the other economic indicators such inflation and unemployment. As a consequence of slightly lower oil price, weak non-oil primary commodity prices and wage restraint accompanying recession in many countries, the inflation rate in developed countries is expected to decline gradually to about 3.0 per cent in 1992-1995 from 3.8 per cent in 1991; and the average unemployment rate which, in 1991, ranged from 3 per cent in developed East and Central European countries to 9.6 per cent in the EEC countries is expected to decline very slowly through 1995, as the economic recovery strengthens.

2.4 Developing Africa's Economic Outlook

9.   As a result of structural adjustment and economic reform efforts undertaken by several countries, higher price for oil exports and favorable climatic conditions in most parts of the African region, overall developing Africa's GDP is projected to continue to recover modestically from 0.4 per cent in 1988, 2.9 per

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3/DIESA, Op. cit.

cent in 1990-1991 to an annual average of 3 per cent in 1992-1995. Table 3 gives DIESA's GDP projections for selected African countries which take into account the external exogenous factors such as balance-of-payments, monetary and financial variables. Similar projections were made by ECA but using simple closed economy models and ECA-SERPD data. The results of such projections for all African countries which, naturally, are slightly different but close to those of DIESA are given in Annex.

Table 3: Forecasts for Selected African Countries
(Constant 1970 US Dollars) (Percent)

| | GDP Growth Rate | | | | | | Mean |
	1990	1991	1992	1993	1994	1995	
Algeria	4.6	4.6	2.2	3.1	2.7	3.9	4.0
Egypt	1.3	1.7	2.4	2.4	2.2	2.5	2.0
Ethiopia	4.0	0.2	2.9	2.4	2.6	3.0	2.5
Gabon	5.5	7.0	-0.8	1.2	2.3	3.4	3.1
Kenya	4.5	3.3	4.6	3.7	3.5	3.8	3.9
Libyan Arab J	4.2	4.3	4.2	3.0	3.5	3.7	3.8
Morocco	3.4	3.5	4.8	4.5	4.0	4.3	4.0
Nigeria	6.8	3.7	4.0	3.3	3.5	3.3	4.1
Sudan	-0.5	-1.4	2.2	1.5	1.3	2.2	1.1
Tunisia	3.6	-2.9	3.3	4.7	3.3	5.0	2.8
Other African countries	2.1	2.3	3.1	3.0	3.2	3.0	2.8
African LDCs	2.2	1.9	3.4	3.2	3.1	3.1	2.8
Total Developing Africa	2.9	2.8	3.1	3.0	2.9	3.1	2.9

Source: DIESA, Ibid.

III. THE FUTURE OF THE WORLD ECONOMY

10.   For the past years, the ECA has been arguing that the short-term economic adjustment and forecasts must be consistent with the medium- and long-term development perspectives[4]. Therefore, this section of the report is devoted to the future perspective of the world economy and its emerging challenges so as to help African government officials to take account in their daily decisions the

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4/See, UNECA's AAF-SAP, op.cit.

factors that are shaping and are likely to shape the world economy in the future.5/

3.1 Strength in the Economies of Developed Countries

11. The increase in the World economy has been and is being progressively pushed basically by the drastic income increases in Japan, the USA, and the EEC countries since World War II. In Japan, per capita income has increased tenfold since 1950 and the growth-determining factors include: the high savings ratio, efforts expanded by and quality of the labour force, innovative potential, the ability to adapt and cooperate, the improved physical infrastructure, and the international orientation of all the high-tech sectors of the economy which are attributable to both the quality of the government and the operation of the price mechanism. Although the productivity level for the economy as a whole is still below that of the USA, the potential for comparatively high rates of economic growth and continuation of the catching-up progress, particularly in the service sectors is very promising. Such strength of Japan economy compared with the USA and Western Europe has created a considerable surplus in the Japanese current account, a source of much tension in trade relations. This surplus reflects a superior combination of growth-determining factors and the competitiveness among a network of ministries, industries and politicians who manage Japan in a continuous state of mutual rivalry.

12. The United States of America (USA) have been experiencing productivity slow down for the last twenty years now and this has raised the question of whether USA will maintain its position as the most prosperous nation in the World in the 1990s and beyond. However, up to now the high nation-economic position is still maintained, thanks to such growth factors as free-market mechanism, a well-functioning price mechanism, a strong incentive structure with low tax rates and a frugal welfare system leading to a competitive climate, a flexible labour market and an individualistic culture promoting entrepreneurship and inventiveness. However, there is lack of cooperation and loyalty between management and labour, between separate organizational units of a firm, between producers and suppliers, etc. with the result of a relatively sluggish increase in labour productivity. What matters is whether in the next decades America can manage to renew its own oil-fashioned system of manufacturing vis-a-vis the Japanese high-tech factories in order to maintain its position as a "world-class economy" in the World, since American industry still

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5/In preparing this section, use was made of various papers presented at the World Project Link meeting on the global world economy and its future.

insists on retaining its own old-fashioned production methods and market strategy.6/

13.   In Western Europe, however, the future prospects are bleak. Its inability to react flexibly to oil crisis of the seventies, ended up in the eigthties by high unemployment and low productivity growth, while falling behind in its technology race against the USA and Japan. At the same time, it was even threatened to drop out of the core of the World economy, in contrast with the period 1950-1972 when the European economies enjoyed unprecedented growth in prosperity. Factors such as education, infrastructure, government quality and savings, prominently present in the coordination and equilibrium perspectives played an especially important role in achieving this prosperity. The setback that occurred in the period 1973-1985 can generally be explained by the fact that the growth-determining factors from the free-market perspectives were neglected: having tendencies to protect citizens and companies from the harsh effects of adjustment process in a market economy, through inter alia a loose social welfare system. Accordingly, structural adjustment in the labour market and technological renewal progressed at a very slow rate. The second oil crisis of 1979-1982 just precipitated a hard landing of the European economies because there was no space.

14.   However, since then drastic changes begun to occur which suddenly reversed the situation. The new enthusiasm for European integration (Europe'92) has caused unmistakable economic recovery during the second half of the eighties, together with the anticipated opening up of Central Europe and the German unification. But despite these moves for economic recovery, unemployment rate still remained very high by 1990 (9.5 per cent) as in 1982, the West European high-tech industries are still lagging behing both Japan and the USA in information science, advanced materials and biotechnology, except for computer-integrated manufacturing.7/

15.   It can be stated that the conditions of economic development have been structurally improved in Central Europe by the transition to a market economy. In order to overcome the past legacy, the degree of social innovations demonstrated so far must remain quite strong in the years to come.

6/This has arrived in the case of car factories and in consumer electronics where USA industry has lost ground in these sectors during the last years. See Dertouzo, Lester and Solow, Made in America, (Cambridge, MA: The MIT Press, 1989).

7/See UNIDO, The Global Report 1990/1991, Vienna, 1991, Table II.15.

16.   As far as developed countries of the East are concerned, a radical breakthrough is becoming more and more likely in the Soviet Union and East European countries, either in the shape of a conservative blacklash or as a breakthrough into a market economy, although the political struggle between the "reformers" and the "invested interest" of the nomenklatura, together with the nationalistic disputes all ensure an uncertain and unstable political situation, which is likely to overshadow the strong points of their economies such as high level of education, availability of natural resources and high-tech experiences in the military industrial complex.

3.2 Developing Countries' Catching-Up

17.   Developing countries in the World have been and are still struggling to catch up the strength of the developed economies, by trying to reduce the differences in the economic growth performance. The reduction of differences can be associated mostly with the Asian countries. The first-tier of newly industrializing economies (NIEs) including Taiwan, South Korea, Singapore and Hong Kong, have indeed enjoyed phenomenal economic development during the past two decades which is likely to continue in the 1990s and beyond, although they are facing the challenges of continuing the process of catching up with developed countries by further upgrading and modernizing their economies.

18.   The second tier of Asian newly industrializing economies – belonging to the Association of South East Asian Nations (ASEAN): Thailand, Malaysia, Indonesia and the Philippines – has also tried to replicate a number of elements from their "outward-oriented" development strategy through liberalization of trade and capital transactions, deregulation and privatization which made them achieve a GDP growth of 6-10 per cent annually. They got help mostly from investment from Japan and from the first-tier Asian NIEs. They all adopted the market-driven industrialization and tried to create comparative advantages by means of industrial policy.8/ Other factors that determined the high growth in NIEs included political stability, the high saving ratio and education.

19.   Whereas for the other developing countries from the rest of Asia (especially China and India), Latin America, Africa and the Middle-East where 75 per cent of the total World population live, total GDP accounted for only 15 per cent of the World GDP. The eighties have been particularly disastrous for Latin America and Africa were per capita GDP fell by 10-25 per cent; whereas China has been able to double its per capita income thanks to a

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8/See Westphal, "Industrial Policy in an Export-Propelled Economy: Lessons from South Korea's Experience", Journal of Economic Perspectives, (Summer, 1990).

successfull reform policy, although the events of Tiananmen Square in 1989 cut by half the rate of its GDP growth.

20.   Brief, these other developing countries did not experience significant breakthrough into a self-sustained growth process due largely to:

(a) A too large and weak government sector in the sens that the government is interferring in the economy by issuing regulations about all sorts of issues, thereby frustrating the operation of market forces.9/ The government cannot cope adequately with all sorts of the problems as it neglects such basic needs as education, health, physical infrastructure and general administration as this is propelled by bureaucracy mis-management and corruption.

(b) The fact that growth-determining factors such as high savings ratio and entrepreneurship do not score high in most countries and are not used to their full potential.

(c) The serious religious, political and institutional factors that threaten to slash the country to pieces which lead to the extremely unven distribution of wealth and resources. This is particularly witnessed in Africa where extensive political instability is partially linked to tribalism which turned Africa into war-torn continent and the armed conflicts heavily intensified economic distress.10/

(d) As a consequence of the neglect in the health services, the incurable desease AIDs and the very vulnerable natural environment are threatening to reduce productivity and even to kill more millions of people in the prime of their lives than in developed countries.

21.   Thus, even under the optimistic scenario of rapid economic growth, the income gap between the developed countries and the developing countries will only narrow at a very slow rate. But an intentional neglect of, and late response of the former to regional and global challenges (that are raised in the next sub-section) may end up in the throws of widespread economic distress in the latter, a dilemma which can only be corrected at high costs.

9/For example, in most countries agriculture is fortement discriminated against industry which is heavily protected against foreign competition.

10/Just a few areas of conflicts include those of Sudan, Ethiopia, Uganda, Somalia, Liberia, Angolas and Mozambique, although in some of these countries political democratic solutions and stability started to gain preeminence.

3.3 The major Challenges of the 1990s and Beyond

3.3.1 Demographic Pressures

22.   According to the United Nations projections, the World population will increase by about 2.4 billion to reach 7.7 billion people in 2015.11/ However, what is disturbing is the fact that 95 per cent of such increases will take place in developing countries; whereas the developed countries will see their population growth rate decelerate from 1.9 per cent annually in 1950-1990 to 1.5 per cent annually in 1991-2015. The population explosion will take place particularly in Africa, parts of Asia and Latin America. The challenge is that:

(a) In developing countries, tremendous efforts will be needed in areas such as education, housing, food and water supply and employment in order to accommodate all these people. If the development process fails to catch up, then the Malthusian repercussions (e.g., human misery) would follow.

(b) In developed countries, aging will be the only challenge, with the dependency ratio increasing from 17 per cent in 1990 to 36 per cent in 2015 for Japan, from 19 per cent to 23 per cent for the USA, and from 20 per cent to 27 per cent for the EEC countries.

(c) If the development process fail to catch population growth, tremendous migration will take place between developed and developing countries: people moving where there is prosperity and the trend towards a multi-racial or multicultural society will intensify in developed countries. It is beleived that even if the World income were adequately distributed, the World economic system could absorb the projected vast increases in World population as well as substantially increase in its standard of living in the next 25-40 years or so. Thereafter, such increases will destroy the ecological base of the system.

3.3.2 Depletion of Raw Materials

23.   In the past, there was a belief that the existing World reserves of raw materials including energy will be depleted soon. However, it is now felt that under the optimistic scenarios concerning growth in the World economy (by 3-4 per cent per annum),

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11/United Nations, World Population Prospects 1990, (New York: UN, 1990). The projections were made under the assumptions of a steady drop in fertility rates in developing countries combined with the increase in the expectancy and the implementation of the existing policies aimed at slowing down population. Still Africa's population is projected to grow by 3 per cent annually to reach 1 billion people in 2015.

the depletion theory would be deferred until later in the future (up to the year 2015). The reasons are that such economic growth will allow the use of technological driving forces to switch to mineral raw materials which are in relatively abundant supply and whose real prices are modest. For instance, oil could be replaced by coal and gas, both of which are in relatively abundant supply in the World. In that case, however, consumer prices of carbon-intensive fuels would increase much faster than in the past and only the developed countries can afford them.

3.3.3 The World Food Paradox

24.   Breaching the so-called paradox of "hunger in the midst of plenty" is one of the most important challenges facing the humanity. On the one hand, there has been a rapid increase in food production, particularly in developed countries as a result of increased arable farmland through the application of more modern high-yielding techniques (tractors, fertilizers, pesticides, etc.). This has caused an overcapacity of food production in these countries and the demand for agricultural products structurally lagged behind the increase in income.

25.   On the other hand, in developing countries, the capacity of natural resources is limited and there exist many areas where this limit has almost been reached and large tracts of farmland have already been exhausted or degradated. This implies that the expansion of agricultural acreage will diminish if the qualifying areas for development are running out, while water shortages are slowing the expansion of irrigated acreage. Consequently, the picture that emerges is one of food abundance in developed countries and increasing food shortages in developing countries. The challenge therefore would consist first for developing countries to catch up by doubling food production without further degrading farmland; and secondly for developed countries to liberalize their food markets, including food aid.

3.3.4 The Technological Revolution

26.   Technological and economic progress are inseparably depedent on one another. The unprecedented growth in prosperity enjoyed by Western countries since the "Industrial Revolution" of eightenn century is tude to the port-war "Technological Revolution". Attention is now focused on the potential of four groups of key technologies developed during the seventies and eighties, namely information technology (IT), computer-aided-manufacturing (CAM) technologies, advanced materials and biotechnology. These technologies will maintain the momentum in the transformation process, both with respect to the quality and diversity of consumption opportunities as well as production techniques and

organisation. In connection with this, living, housing, working habits and thinking patterns are also transformed.

27.   The technological development has brought the world to the stage of becoming increasingly more interdependent. Transport and communication costs fell sharply as a result and the various parts of the world grew closer together.   Hence, technological development brought the world economy within reach and the internalisation process which used to expanded through trade, inter-industry relations and direct foreign investment is now done through services industries, technological knowledge and data. The challenge is that this has brought global competition around the world steered in by multinational or transnational companies (TNCs) in every region. These companies contribute about 20 per cent of the world good production. Such globalisation or internationalisation process will tend to reduce the effectiveness of national monetary and budget policies as a result of leakage effects. The market structures become so much competitive in a number of industrial sectors that only the strongest nations can survive.

3.3.5   The Desegregation of Societies

28.   The relaxation and untangling of ideologies in East-West relations has as a result the drastic reduction in the political and military power struggle between East and West and the consequent threat of a nuclear conflict. As a consequence, in developed countries a growing independence and emancipation of individuals resulting from educational standards has led to a desegregation of societies; while in developing countries, all sorts of nationalistic feelings are surfacing and the democracy is gaining groung in Central Europe, in Latin America and in the various countries of Asia and Africa.

29.   The stimulation of desegregation tendencies in developed countries and nationalistic tendenncies in developing countries at the end of the Cold War has brought into open increasing trade blocs protectionism; that is, the tendencies towards regional integration, rather than being steps towards a further opening-up of the world-trade system (like the GATT system). From the economic point of view, even if the communism is dead, discussions about equity versus efficiency and government intervention versu market forces will go on _ad infinitum_. The economic history teaches us that opinions on these subjects vary according to the course of economic and political development._12/_ Thus, the ideological

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12/See Schlesinger, The Cycle of American History, (Boston: Houghton Mifflin Company, 1986), pp. 23-48; and Stein, "The Triumph of the Adaptive Society", The American Economist, (Spring 1990).

challenge will still face the world economy, albeit in different forms.

3.3.6 The Threat of Delinking Africa

30.   The balanced economic growth between the developed and developing countries is feasible and ecologically sustainable and to materialize, it requires formidable changes regionally as well as globally. The factors that can inhibit it from emerging include the environmental problems, the threat of further delinking of some regions, especially Sub-Saharan Africa and the threats to the World trade. Yet for the world community, the very nature of the African challenge is different from that of the trade and environmental challenges.

31.   It is beleived that Africa is a continent which, even if reforms were successfully implemented, will for years to come still be far too weak to generate sustained economic development by itself. Hence, the tendencies for marginalization of Africa have increased because it is beleived that failure of sustained economic development in Africa will not hamper the World economy. The challenge of delinking Africa (as well as a few aother LDCs regions) involves taking care of the serious backlashes with these regions themselves, because with the current population explosion, this could ver well lead to human suffering on an unprecedented scale. In the long-run, this will have even major spillover affecting the development in the developed countries, such as political unrest, massive migration movements to developed countries and global environmental problems. Therefore, there is need for international cooperation and coordination of efforts in order to make any progress towards solving or relieving the African challenge, although such cooperation and cordination present many obstacles.13/

4. Conclusion

32.   This analysis makes clear just how difficult the global challenges really are in the eyes of the developing African countries. In trying to cope with them, African Governments should bear a special responsibility. Moral principles as well as self-interest may be advanced as motives supporting this view.

13/The developed countries' objectives differ: they have different views about the causes of African problems, about the impacts of policies aimed at tackling them, and about the distribution of costs and benefits of coordinated policies. See Cooper, "Economic Interdepedence and Coordination of Economic Policies", in Handbook of International economics, Vol. II, ed. by Jones and Kenen, Elsevier, Amsterdam, 1985.

DEVELOPING AFRICA'S ECONOMIC OUTLOOK

The Fall Meeting of the World Project LINK-UN Conference

Moscow (USSR), September 21-27, 1991

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I. INTRODUCTION

The year 1990 marks the end of the 1980s decade in which social and economic advances made with great difficulty by the African Nations since the era of independence in the 1960s were largely wiped out, despite considerable efforts made to improve the efficiency of the African economies through restructuring and perservance of policy reforms and adjustment. Indeed, between 1980 and 1987, the overall GDP of developing Africa grew by only 0.4 per cent per annum. Per capita, already low at the end of the 1970s, fell by 2.6 per cent a year during that period. Agricultural output decreased, and countries that once exported food found themselves unable to feed their own populations. There has been a marked deterioration in physical infrastructure. Social services, including education, public health and sanitation, housing assistance and running water have been reduced to perilously low levels. The regional economy, in short, was worse off than it has been since the beginning of the post-independence period.

This economic decline was precipitated, among other things, by the fall in the prices of agricultural and mineral products, upon which most of developing Africa depends for export earnings. African commodities valued atUS$ 100 wholesale in 1980, fell to 54.2 in 1988. The solution, it seemed at first, was to take out loans from overseas lenders so that development programmes could proceed and the standard of living of the population protected during this apparently temporary downturn in commodity prices. But it was observed after all that the decline in commodity prices turned to be a long-term trend, one that is now thought will continue into the 1990s and even the 21 century. Interest rates rose in the 1980s and the supposed painless cost of repaying loans became instead a staggering burden and the continued decline in commodity prices made repayment on schedule virtually impossible.

The crisis of falling commodity prices and rising debt obscured a less immediate but more basic problem: the underdeveloped, inflexible structure of the African economy, which makes it difficult to absorb the blows of external financial conditions and the uncontrolled but inevitable vagaries of nature to take advantage of rather than be victimized by changing international economic conditions. To find a way out, African leaders identified broad development objectives at a series of international conferences. As the pincers of falling commodity prices and rising debt tightened, Africa's Priority Programme for Economic Recovery (APPER) and the United Nations Programme of Action for African Economic Recovery and Development (UN-PAAERD) were drafted to guide policies in the period 19986-1990.

In effect, the African economy, as a whole, managed to sustain a fragile recovery beginning in 1988, but it is still yet 0to recoup any of the dramatic losses sustained in socio-economic welfare during the past seven years of persistent economic decline, or acquire the durable growth, capacity that will enable it consolidate the recovery process and transcend the though of economic stagnation. With a marginal improvement in output growth, per capita income growth rates have, however, remained negative as population pressure continued unabated while the growing scourge of inflation and unemployment and the dehumanizing shortage of the most basic of essentials and necessities of life persisted.

This paper assesses the performance of the African economies during 1990-1991 and explores its prospects for the 1992-1995 period.

II. RECENT ECONOMIC PERFORMANCE, 1990-1991

The actual data available at ECA shows that the overall economy of the African Region decerated to 2.9 percent at the end of 1990 compared with the growth rate of 3.3 per cent obtained in 1989 (revised figure)1/. In per capita terms, this suggests that average income growth continues to be negative, or at best stagnant in relation to the population growth rate of between 3 and 3.2 per cent for the African region as a whole. However, it is estimated that at the end of 1991, GDP growth will recover its 1989 figure of 3.3 per cent, which still is barely in line with the regional rate of population growth.

While the continuing improvement in overall output of the African Region from 0.4 per cent in 1987 to revised 2.1 percent in 1988, 3.3 per cent in 1989, 2.9 per cent in 1990 and the estimated 3.3 per cent in 1991 is an indication of the gradual recovery, it is far from being an indication that these economies are, overall, out of their doldrums or about to embark on accelerated and sustained growth and development. The continuation of the familiar constraints such as the domestic structural weakness, inadequate transport and communication infrastructure, lack of skills, external dependence on resources and imports, rapid population growth, drought and desertification, falling export commodity prices, stagnant foreign real resource flows and mounting debt-servicing obligations, etc. all combined to outweigh the favourable effects of the policy reforms as recommended in the United Nations Programme of Action for African Economic Recovery and Development (UNPAAERD) that most African countries have been implementing during the period 1986-1990.

The overall decline in output in 1990 was largely due to the low agricultural production (which account for more than 40 per cent of GDP in most countries), which decelerated from 3.8 per cent in 1989 to only 1.0 per cent in 1990. There has been, in several countries, incidence of localized severe drought in the Sahel West African countries, west Sudan, north and east Ethiopia, Mozambique, Angola, Morocco and Algeria, in addition to the internal ethnical conflicts which desorganized agricultural production structures. The food-cereal

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1/UN-ECA, The Economic Report on Africa, 1990 (E/ECA/CM.17/2), Addis-Ababa, Ethiopia (April 1991).

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production fell from 79.2 million tons in 1989 to 75.3 million in 1990 (that is, a fall of 5 percent).

Fig. 1
Price Indexes for Developing Africa's non-oil
commodity exports, 1976-1992 (1980=100)

_____ Nominal Terms
. ---------- Real Terms
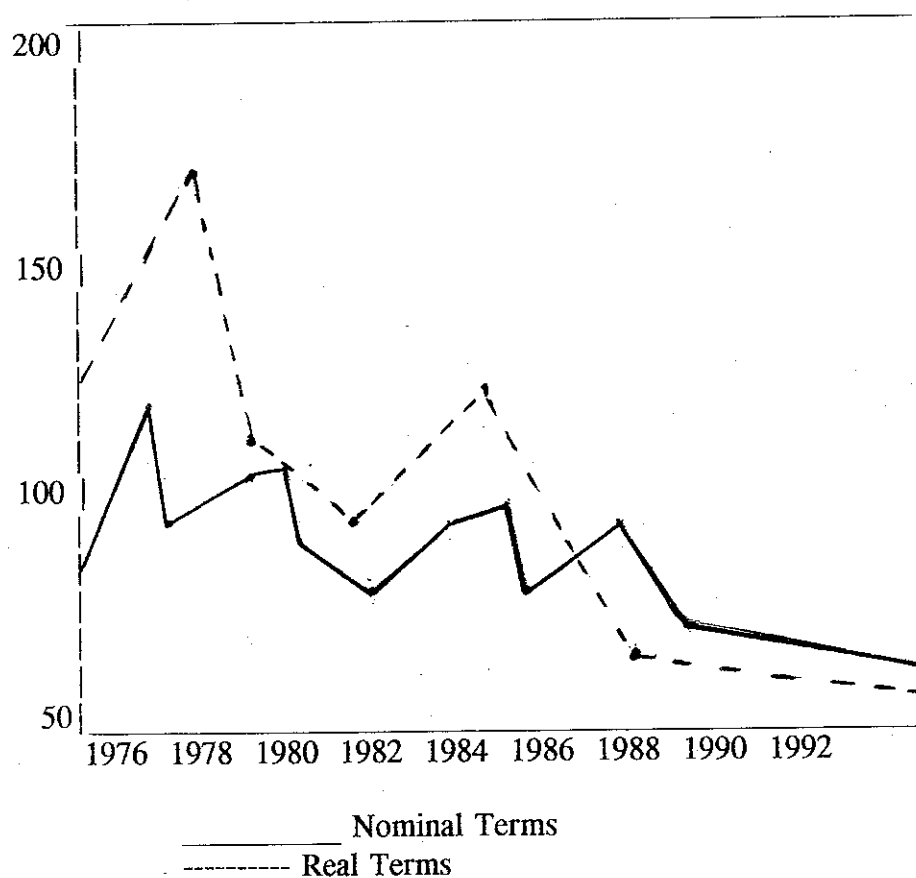
The nominal index is based on the dollar prices of 16   major commodities (excluding petroleum) weighted by
their share in the Africa's commodity exports. (<u>Source:</u>
ECA Secretariat).

On the other hand, with regard to cash crops, the turbulence in the international cocoa and coffee markets has seriously undermined and constrained the development momentum of cocoa and coffee exporting African countries. The steady decline of coffee and cocoa prices reflects growing supply potential in both products and the collapse in international commodity aggrements, leading to a loss of almost 3.2 per cent in 1988 and 19.1 per cent in 1989 in foreign exchange earnings as prices plummeted in the international market (See Fig. 1 and Fig. 2). For instance, Ghana alone lost an estimated US$ 200 million in cocoa sales in 1989 as a result of the slump in prices. The quota system that has been sustained by the 25 coffee

exporting African countries since the suspension in export quotas is estimated at almost US$ 250 million, which has reached US$ 1,500 million during 1990. However, as a result of a good weather
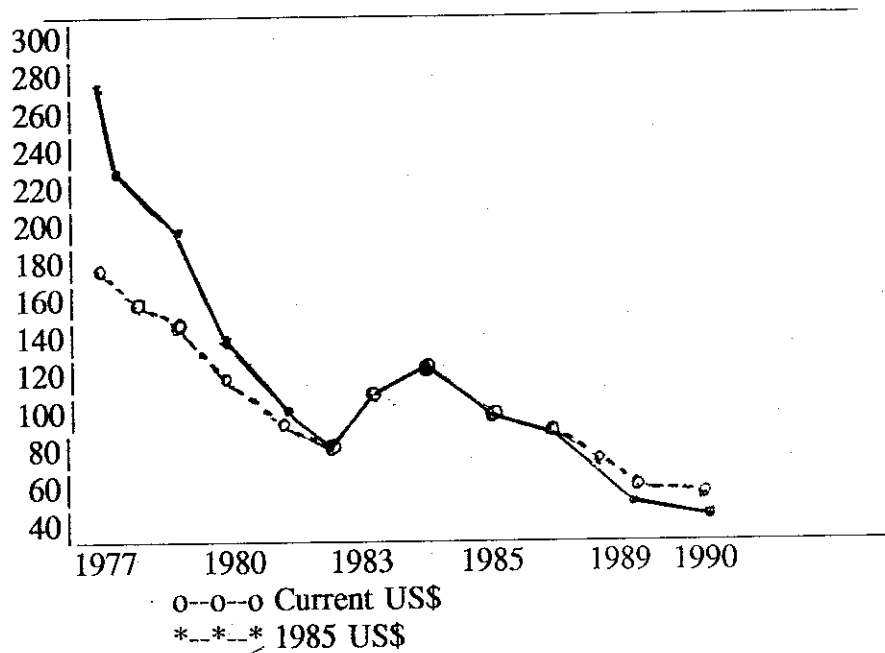
Fig. 2: Cocoa Prices (New York and London)

o--o--o Current US$
----* 1985 US$

Fig. 3: Coffee Prices (New York)

o--o-- Current US$
---- 1985 US$
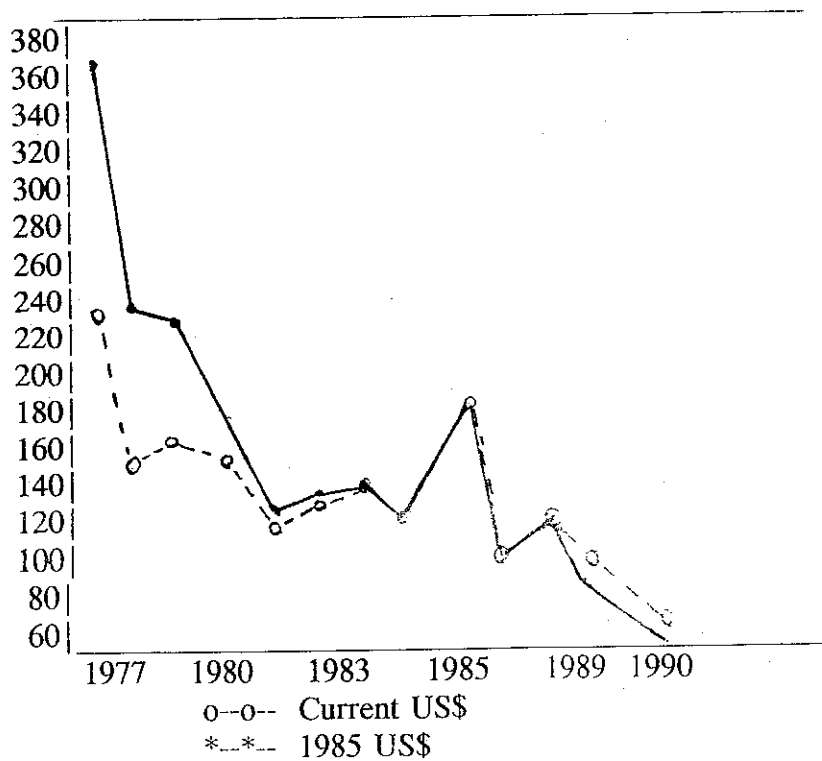
Source: F. Gerard Adams, "Commodity Outlook", op. cit.
conditions in 1991 in the drought-prone countries, the agricultural sector is likely to grow by 2.5 per cent at the end of 1991.

The only positive development in 1990 was the improvement in mineral prices, fuel and non-fuel, even though the African producers have generally been unable to take full advantage of the more buoyant market conditions due to a variety of structurally related weaknesses and constraints affecting production and supply. Overall, the mining sector is estimated to have growth by 7.5 per cent in 1990, following a rise of 2.4 per cent in 1989. This figure, however, primarily reflects the recovery in the oil sector which, in 1990, benefited from a concomitant recovery in oil prices arising from the Gulf crisis. Even at their highs approaching US$ 40 per baril, it represents about 100 per cent of increase in oil prices compared to the one obtained in 1979-1981. The path of nominal and real oil prices since the 1970s is shown in Fig.4.Prices of non-ferrous metals have taken somewhat similar path during the 1980s. Despite gradual economic recovery in OECD countries during the decade, real prices did not exceed their 1980 peaks until 1988 and 1989 when the world business cycle was at its peak2/. For the mineral-exporting countries, this has boosted government revenues and helped in the temporary alleviation of an acute foreign exchange squeeze in the face of growing demands for essential imports.

Fig. 4: Petroleum Prices (Spot US$/beril)
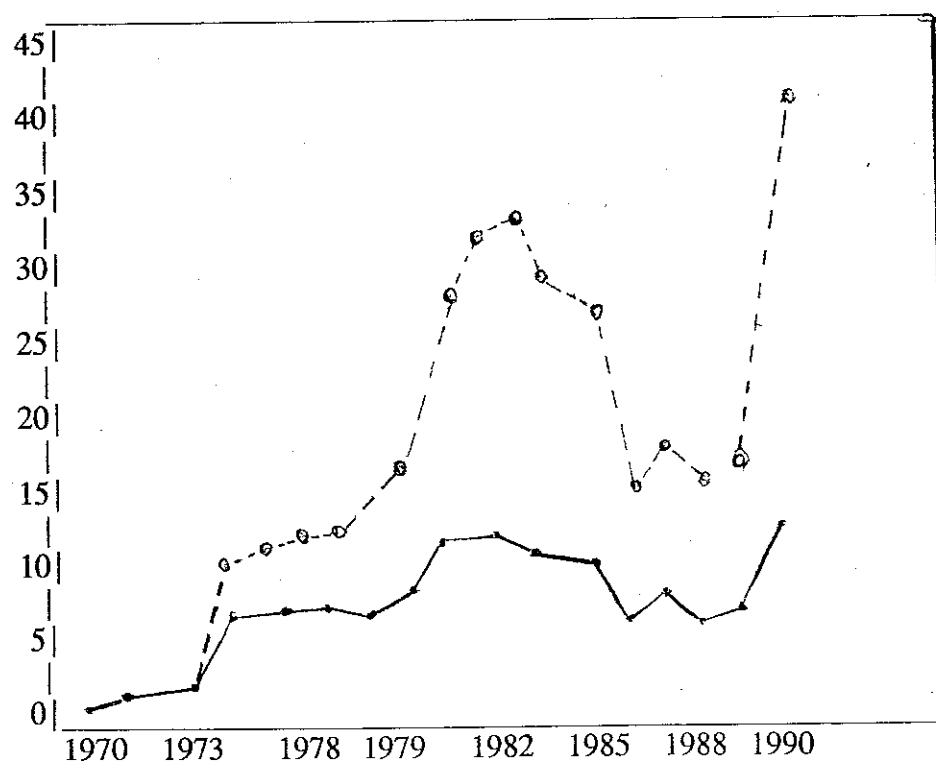
2/ See F. Gerard Adams, "Commodity Outlook", Paper presented at the Asian Economic Outlook/World Project Link Conference in Manila (Philippines), 5-9 November 1990 (Manila: Asian Development Bank: Economics and Development Resource Center, 1990).

Source: Ibid.

With relatively low income growth, both government and private consumption and investment expenditures were adversely affected, the trade-off being, for the most part, at the expense of investment levels. Indeed, the reduced levels of investment expenditures which grew by only 5 per cent in 1990 and represents about 15 per cent of GDP have applied mainly to replacement purposes rather than to new investment and increasing capital stock. In the public sector in particular, efforts to contain the growth of government expenditure, in a bid to restore domestic financial equilibrium, have been achieved largely at the cost of reducing the rate of capital spending and maintaining the low levels of social services (e.g. education and health) which are essential for long-term socio-economic transformation. Private domestic investment is barely insignificant despite the liberalization programmes adopted by many countries, presumably because of the fear of political uncertainty. Government consumption has accordingly declined to 0.2 per cent in 1990 while the private consumption increased by 3.6 per cent.

However, the overall picture of regional economic performance is bound to mask variations and disparities in growth rates and patterns among countries and between subregions as it is shown in Tables II to X in annex. For instance, despite the slow growth in aggregate output, the nine African oil-exporting countries are estimated to have grown by 3.7 per cent in 1990 and their combined outputs represents about 65 per cent of the overall Africa's output. It was the slow-down in output growth to 0.7 per cent in the non-oil exporting countries (42 states) that brought the overall regional average to 2.9 per cent in 1990. The African least developed countries in particular were most affected under the crushing weight of increased oil import bills and their combined GDP declined by 0.2 per cent in 1990, although it is estimated that it will rise to 2.5 in 1991.

In North Africa, on the whole, the economic situation is favourable because of an above-average agricultural production in 1990 and the presence of such important oil producers as Algeria and the Libyan Arab Jamahiriya, although in a country like Morocco, the oil supplies that were previous obtained at conceptional prices from the Gulf countries were in jeopardy, as growth stagnated at 3.4 per cent in 1990 and an estimated 3.5 per cent in 1991; while Egypt as a result of the net financial loss sustained from the Gulf crisis, the economic growth rate in 1990 was 2.7 per cent and is likely to slow down to 2.1 per cent in 1991. Additionally, the North African countries have been hard hit by reductions in remittances from migrant workers and revenues from tourism. Egypt in particular has additionally suffered loss of tourism, arising from the insecurity in the Middle East, and from lower traffic in the Suez Canal and loss of export markets in Kuwait and Iraq during the Gulf crisis.

In West Africa, excluding Nigeria, the major oil exporter in Africa, economic growth has been lower in 1990 than in 1989, even more so in the Sahelian countries where access to hydropower is either limited or non-existent and which, in some cases, have suffered crop failure. However, since, in Nigeria, crude oil production is estimated to have increased by about 200,000 barrels per day from mid-October 1990, and agricultural production has also generally improved in 1990, the sheer weight of the impact of these two favourable conditions on the Nigerian economic performance in 1990 lifted the GDP growth in the West

African subregion to around 2.9 per cent in 1990 and an estimated 3.7 per cent in 1991 (Nigeria's growth rate was 4.1 and 4.5 per cent, respectively and its output accounts for 75 per cent of the West Africa's output).

In Central Africa, the Gulf crisis has been more of a mixed blessing, with the four oil exporters (Angola, Cameroon, Gabon and Congo) benefiting from short-lived oil price increase; but Rwanda, Burundi and the Central African Republic, all land-locked, have been seriously adversely affected, in spite of the net overall gain for the subregion as a whole of 2.0 per cent in 1990 and an estimated 2.5 per cent in 1991 relative to 0.2 per cent in 1989. Local oil production in Zaire, though limited and declining, has provided some cushion from the adverse impact of the Gulf crisis on energy, but the continuing weakness of coffee and cocoa prices has depressed non-oil export earnings most countries, particularly in Rwanda which has also suffered from the disruptive effects of civil strife in its northern districts during the second half of 1990.

Eastern and Southern Africa is the subregion that has been most severely affected by the disruptive impact of the Gulf crisis on energy supplies and prices, as it pratically has no local production and some of its long-term oil imports supply contracts at concessional rates were either with Kuwait or Irak, although two countries - Zambia and Zimbabwe - have coal resources. Retail oil prices have already risen sharply in some countries in the subregion, notably in Uganda, Mozambique and Zambia, reflecting the drastic reduction in supply, which have in turn led tom long queues at various gas stations. This, together with the effect of continuing price declines for coffee, which is a major export for Ethiopia, Uganda, Kenya and Tanzania, made the subregional GDP growth stagnated at 3.2 per cent in 1990 and an estimated 3.4 per cent in 1991.

III. ECONOMIC OUTLOOK FOR 1992-1995

A. Introduction

The forecasts made in this paper were based on simple macroeconomic models for the various groups of the African countries. Three types of economic structures were distinguished; (i) the economy in its more primitive form, with subsistence production dominating and a monetized market ecconomy operating only on the fringe of the economic process; (ii) the economy with a substantial subsistence sector, existing side by side with a fairly strong monetized sector; and, (iii) the economy where there is a fairly subsistence sector, but the monetized sector is dominant in its influence. Based on the development objectives rather than on the Keynesian demand management, these are supply and demand models in which the growth of supply factors are tied to the pressure of demand on cost and prices, so as to simulate both short- and medium-term economic changes. These models were

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amply explained in our paper presented at the Manila Fall World Project Link meeting and there is no need to repete them here.3/

Although it is difficult for this purpose to cluster African economies into the above three categories, for simplicity the African countries were nevertheless divided into three major groups, respectively: The low income or least developed group (28 member states), the intermediate income group composed of the non-oil exporting, non-least developed countries (14 member states) characterized by better developed and more diversified economies than the first group, and finally the high income group of oil exporting countries (9 member states) which have adequate internal resources for development in the form of oil, although as a group they face certain specific problems of development in spite of being endowed with these oil resources.

In addition, a grouping of the African countries by their geographical areas was made just to reflect the on-going tendance of sub-regional economic integration. These are Central Africa subregion which have now formed the economic community of the Central African States (ECCAS in Libreville, Gabon since 1985); the East and Southern Africa subregion which has already created the Preferential Trade Area (PTA in Lusaka, Zambia since 1982); the North Africa subregion which is in the process of negociating to form the North Africa's Preferential Trade Area (PTA to be located in Rabat, Morocco); and, the West Africa subregion which have already formed the Economic Community for West African States (ECOWAS in Lagos in existence since 1975).

B. Projection Results for Domestic Economic Indicators

The results of the simulation of the above models can be found in Table I to Table X in Annex. These projections have been done using the parameters of the models fitted with historical data that were discussed in the previous section under the optimistic scenario assumptions that: (1) the good weather conditions of the 1988-1991 will prevail throughout the 1992-1995 period; (2) there will be substantial increase in productive investment; (3) present policy stances in Africa are reinforced through the adoption of the appropriate short-term adjustment measures consistent with medium- and long-term development objectives; (4) the present debt crisis will continue to be alleviated through a reduction of the debt service burden so as to release resources for development; (5) oil prices will continue to firm up and remain stable to around US$ 20 per barel, so as not hurt both African oil producers and oil importers; and, (6) the prosperity in the OECD countries with which Africa trades will not be disrupted.

3/See Jean K. Thisen, "Simple Projection Models and Results for the African Region", Paper presented at the Asian Economic Outlook/World Project Link Conference, 5-9 November 1990 (Manila: Asian Development Bank: Economics and Development Resource Center, 1990).

GDP Projections

On the basis of the above assumptions, it is forecast that the overall output for developing Africa (51 member-States) will grow by about 3.8 per cent in 1992, 4.1 per cent in 1993, 4.8 per cent in 1994 and 5.0 per cent in 1995, compared to the estimated 3.3 per cent in 1991 and the actual 2.9 per cent in 1990 (see Table I). This will just be slightly above the population growth rate of about 3 per cent a year, hence reversing the negative trends in per capita income growth observed throughout the 1980s.

The projected GDP growth rates of the different income-groups and regions of Africa are, on the whole, increasing functions of their current economic status. The African least developed countries will have the lowest projected growth rates among all the groups ranging from 2.7 per cent in 1992 to 3.5 per cent in 1995; while higher income groups will have higher growth rates ranging from 4.2 per cent to 5.6 per cent, respectively. But this latter group has been moving at a breck-neck speed, depending on foreign resources since their oil revenues sometimes are not able to pay for the increased consumption and investment, in spite of the relatively high prices of oil. If such trends continues, their debt situation will worsen in 1992-1995.

The North Africa and the West Africa subregions are expected to perform better than the other two subregions of Central, East and Southern Africa, their GDP growth rate being projected to reach about 6 per cent by 1995 because of the presence of such oil-producers as Algeria and Libya, and Nigeria, respectively. The latter subregions which contain a large number of LDCs will have a moderate growth, ranging between 3.0 per cent in 1992 and 4.0 per cent in 1995 in Central Africa, and 3.1 per cent and 4.5 per cent repectively in East and Southern Africa.

Sectoral Projections

The food and agricultural sector is still proved to be a serious bottleneck to Africa's development, although it contributes largely to the GDP formation. In all the subregions the growth rate is lower than that of population which is an indication that all the groups of countries will be becoming increasingly dependent on foreign imports for food and basic commodites of the economy. Even the group that have a satisfactory growth rate of GDP are lagging behind in agriculture, presumably because such growth is generated by other sectors than agriculture.

Looking at the factors that affect agricultural production in the model - acreage-labour force - the area under cultivation was assumed to grow by 1.7 per cent per annum, but for developing African countries as a whole, the marginal productivity per unit of land is not significantly larger than the average. It has even been declining in the 1980s. Thus, the contribution of increased land productivity to the increment in output was and is projected to be negligible if nothing at all, due to the relatively low fertilizer input per hectare of arable land and low levels of agricultural research and development (technology). As a result of this tendency, the partial increment in output with respect to land is likely to be due mainly to increased in the area under cultivation as result of good weather conditions. On the other hand, the productivity per unit of labour in agriculture for developing Africa as a whole has

been declining by about 0.6 per cent in the 1980s and was projected to remain at this level in 1992-1995, as a result of a very low level of trained agricultural workers. Thus, the partial increase in output was mainly due to growth in labour force assumed to follow the historical trend of 1.5 per cent per annum.

Accordingly, the food and agricultural sector for developing Africa as a whole was projected to grow by only 2.7 per cent in 1992 and 2.9 per cent in 1995, under the optimistic scenario. This also takes account of the fact that there will still be some incidence of sub-normal rainfall in parts of the Sahel, some drought in the Sudan, the southern Angola, the northern and eastern Ethiopia, and Mozambique. Therefore, developing Africa as a whole is still far from reaching food self-sufficiency whose ratio is presently as low as 80 per cent.

The performance of the mining sector will still continue to be mixed. On the one hand, the prices of almost all major non-fuel mineral products (copper, alimimum, diamond, gold, siver tine, cobalt, etc.) have continued to decline or stabilize after the 1987-1989 metal boom. For instance, the copper price dorpped from Ł 1,741 a ton in 1989 to Ł 1,300 a ton in 1990 and the combined production of Zambia and Zaire decreased from 930,000 tons to 859,000 tons, respectively. However, the main impetus of growth in the mining sector comes from the oil subsector which benefited from the increase in oil prices in 1990. However, since the oil price is being stabilized at around US$20 per barel (our assumption), one would expect African oil producers to reduce their production during the period under review. The sector will therefore decelerate from the peak 7.5 per cent reached in 1990 to 5.4 per cent in 1992 and 6.0 per cent in 1995.

The manufacturing sector is and will still be closely associated with the performance in the food and agricultural sector, particularly the agro-industry which represents more than 60 per cent of the sector's output in most countries. Assuming that the process of deindustrialization, plant closures and capacity underutilization which occurred in the 1980s will be reversed in 1992-1995 through the on-going trend of privatization and market-liberalization efforts and the provision of imported materials and spare parts, the projection of the sector (which, in the model, depend on the value added in the agricultural sector and on investment) will range from 4.7 per cent in 1992 to 6.0 per cent 1995. This is still below the 7 to 9 growth target envisaged in the United Nations Industrial Decade for Africa (UNIDA, 1980-1990) which is about to be extended for 1991-2000 by the UN general Assemby.

All the subregions of Africa, except East and Southern Africa, and even the LDCs as a group are trying to sustain an increasingly high growth rate in manufactures which must be based on increased self-reliance and self-sustainment with local inputs if the rate is to be maintained without leaning heavily on foreign aid.

The projection of the construction and energy sectors is expected to follow the investment patterns, while that of the services sectors is to be kept path with the growth in all the above productive sectors combined.

The total output for developing Africa as a whole is then obtained through the summation of sectoral outputs.

Projection of Demand components

After determining the total output, the components of aggregate demand expenditures are then derived from the gross domestic output adjusted by net transfers.

The total consumption expenditures are determined on the basis of total GDP since in most developing African countries with a large subsistence sector any increase in output or income will be accompanied by some proportional increase in consumption. However, there is disparity on consumption patterns among the income groups of countries.The marginal propensity to consume (MPC) for the LDCs was higher reaching 0.95 in 1990 than in the non-oil exporting and non-LDCs (0.83) and in the oil exporting countries (0.65). This is due to the fact that, historically, total consumption expenditures in the LDCs are growing faster than GDP compared to other high income groups of countries and were projected to remain so in the 1992-1995 period. (See Tables I to V)

The government consumption expenditures were taken as exogenously determined by the policy-makers, particularly in this period of structural adjustment where the growth of public spending is scrupulously controlled and even curtailed. Their growth rate was obtained on the basis of past trends, which in most cases is very low not exceeding 2.5 per cent, except for the LDCs where it reaches about 5 per cent. The private consumption expenditures were then obtained as a residual; that is, total consumption moins government consumption, as there have been no substantive surveys of household consumption patterns in most African countries.

As for the investment expenditures, the excess growth of consumption particularly in the lower and medium-income groups of the African countries means a relatively lower growth rate of saving than GDP. This would either lead to a decline in investment or an increase in the saving-investment gap. In fact, the growth of investment expenditures for Africa as a whole which was modelled to depend on past trends has been kept up at a higher level than GDP as a result of heavy investment in the higher income group of the countries, whose growth rate averages around 9 per cent. Such a growth will raise the overall level of investment for developing Africa as a whole from 14.6 per cent of GDP in 1990 to 25.3 per cent in 1995. Such a type of development with a large savings-investment gap has to be more and more buttressed by increasing dependence on imports to be met from foreign sources.

The imports of goods and services were also obtained from the total domestic product via the marginal propensity to import. The growth rate of import for developing Africa is then projected to range between 2.8 per cent in 1992 and 4.2 per cent in 1995. The exports of goods and services are obtained as a residual (so-called "implied exports") and its growth rate will range between 4.8 per cent and 5.1 per cent in the respective years.

C. Projection of External Indicators

The derived growth of total output for developing Africa ranging from 3.8 per cent to 5.0 per cent in 1992-1995 will have to be sustained by a growth rate of 5.2-5.8 per cent in investment expenditures, which will raise the investment share in GDP to about 25.3 per cent in 1995 compared to 15 per cent in 1990. Such an increase is expected to be accompanied

by a significant increase in the efficiency of capital; that is, the overall incremental capital-output ratio will have to be maintained at less than 5:1, implying that a fair proportion of the investment would have to be directed into high yielding, labour-intensive and agro-based projects. To realize such an investment, domestic savings would have to be increased to 19.8 per cent of GDP by 1995 from the 14.5 per cent level in 1990, leaving a saving gap of about 5.5 per cent to be filled by the external resources.

We have not been so far able to incorporate the external exogenous variables in the above models, such as those found in the World Project Link, for technical reasons. We hope that this problem will be solved in the near future. Here we just updating our previous projections on the items pertaining to the models, namely external resources flows, balance of payments variables and the debt situation in Africa up to 1993.

The prospects for supplementary external resource flows to Africa will critically depend on the trends of official development assistance (ODA) which has traditionally represented about 70 per cent of total resource inflows.4/ Indeed, it has been the ODA which has constituted the main source of development funding for Africa since the private commercial flows and export credits have fluctuated sharply as can be seen from Table XI in Annex. Commercial banks are reluctant to lend to Africa because of the risk involved and the low degree of Africa's creditworthness. Thus, it was assumed that part of the domestic saving-investment gap will be financed by the ODA and the other part by the balance of payments reserves and debt reliefs.

As to the balance of payment situation, it is assumed first that foreign direct investment will be increased substantially during the period (1992-1995) to reach US$ 2.6 billion at the end of 1991 and US$ 3.1 billion in 1993 compared to its earlier level of US$ 2.4 billion in 1990. Secondly, it is explicitly assumed that for Africa as a whole reserves will be used to finance part of the external resource deficits. In other words, African countries will have to draw down their reserves at an annual average of nearly US$ 0.6 billion. Under the optimistic high growth scenario, the exports and imports of goods and services were projected to grow on average by 4 per cent and 3.5 per cent respectively during 1992-1995. Under these assumptions, the projection of the balance-of-payments variables for developing Africa as a whole is presented in Table XII in Annex.

Taking into account the projected yearly deficit on the current account of the balance of payments, the cummulated net new lending up to 1991 will be US$ 51.5 billion. Assuming that of this amount 50 per cent will be in the form of direct grants, the debt stock of the African Region, which amounted to US$ 271.9 billion in 1990 (revised figure), will reach US$ 368.2 billion in 1993, with the projected debt-servicing burden of around 40 per cent of export earnings (See Table XIII). The debt estimate has taken account of crucial aspects of the debt relief measures announced by several donor countries and institutions, such as debt rescheduling, low interest on the existing debt stock, longer grace period and higher grant elements, conversion of parts of the existing debt stock and repayments obligations into

4/See OECD, Development Co-operation: 1990 Review (Paris, 1991) and United Nations, Financing Africa's Recovery, (United Nations, New Yor, February 1988).

Fig. 5

A. Ratio of Debt to Export of Goods and Services in
Developing Africa, 1977-1993 (Percentage)
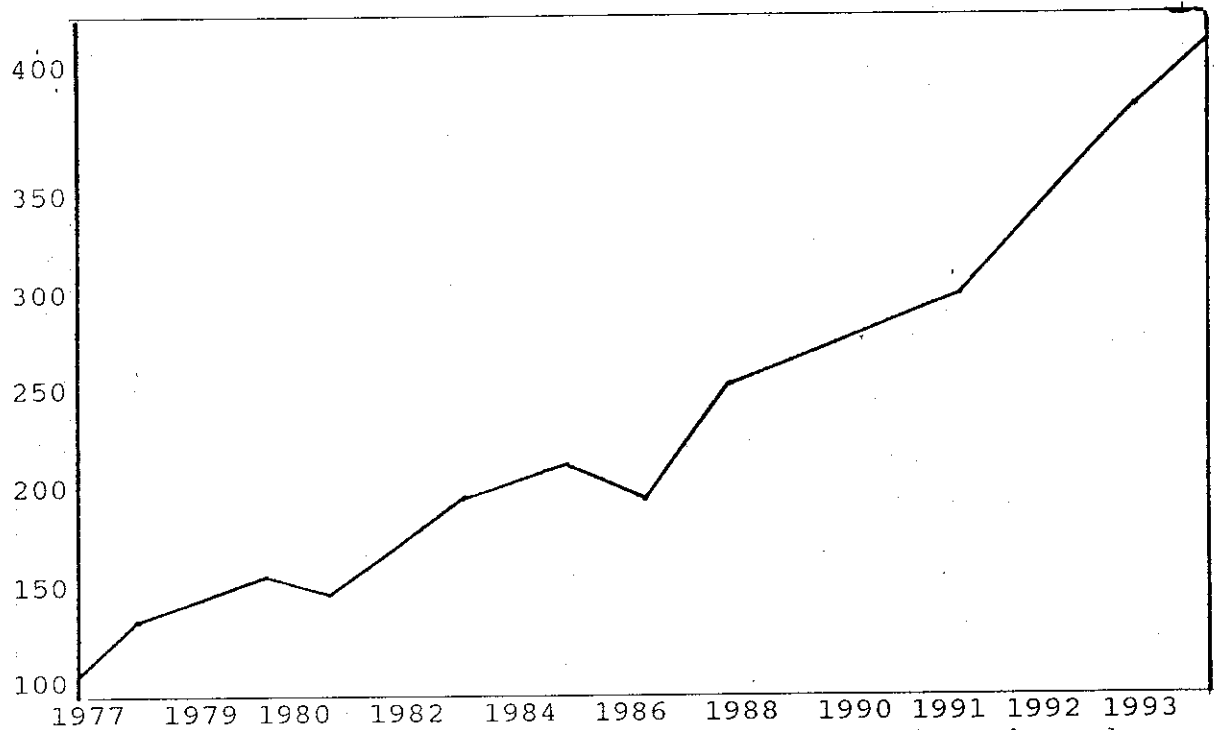
B. Ratio of Interest Payments to Exports of Goods and
Services for Developing Africa, 1977-1993 (Percentage)

- 14 -
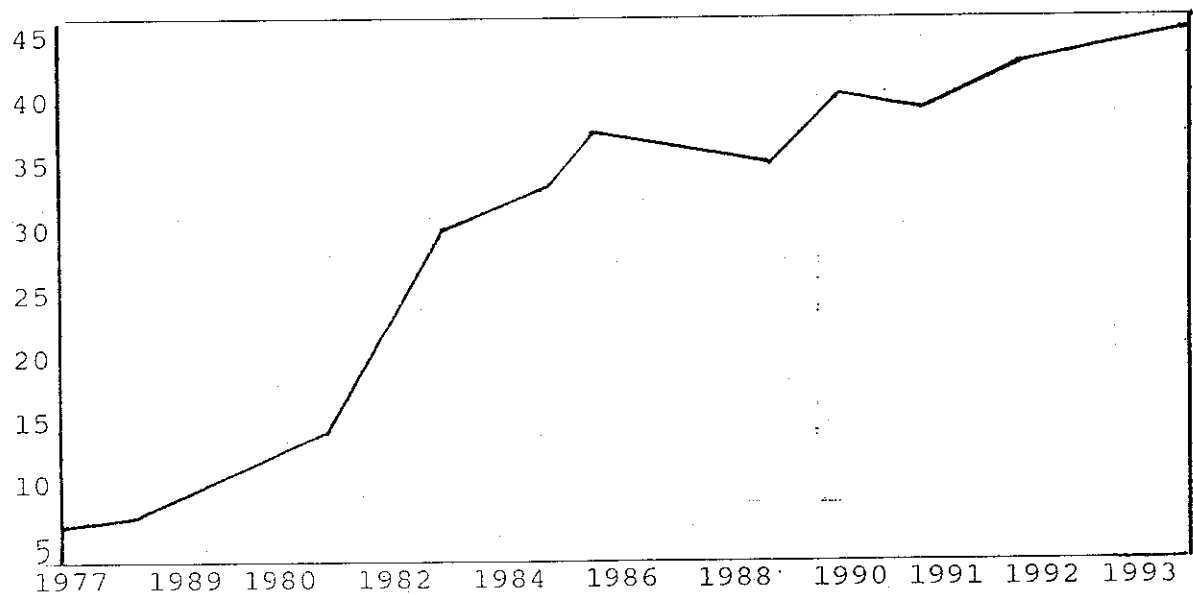
investment porfolio and equities, consolidation or capitalization of debt and interest payments into long-term loans with much higher concessionality, and shifting the ownership of loans particularly commercial banks loans to third entities. The debt burden of Africa is also shown in fig. 5.

IV. CONCLUSION

It cannot be over-emphasized that the objectives and hence the likely strategies of development in Africa in the 1990s as in the 1980s are and will remain complex, delicate and intricate to capture them all within a simple accounting model. There is thus a need for new and deeper conceptual insights to comprehend the nature of Africa's quantitative and qualitative development and consequently to derive some coherent sets of critical and desirable policy instruments. Of great importance will be the incorporation of external exogenous variables from the World economy which could give a different picture of Africa's economies since our projections on somehow closed economies have not taken fully into account the external factors in the model equations that determine growth. We are now in process of incorporating these external variables within the framework of the World Project Link system.

Neverthless the picture painted by the simple models here give an idea of the likely outcome of the African economies in the mid-1990s under an optimistic scenario. Should the adverse conditions prevail in 1992-1995, either from a combination of bad or poor weather, in Sahel and Eastern and Southern Africa and a recession, or a slump in the industraliazed countries, leading to falling commodity prices, higher interest rates and dear imports, the economic growth will be impeded by the combined effects of lower agricultural production, low exports and higher debt services payments, all of which will squeeze imports, curtail investment and depress incomes. Such a prospect clearly shows the urgency of tackling both the Region's structural supply and demand constraints rather than dealing mainly with the demand conditions.

Table I: Overall Developing Africa (51 independent States)
1980 Constant US dollars

	1990A US$Mil.	%Ch	1991E %	1992P %	1993P %	1994P %	1995P %
Agg.Demand							
CG	57711	-0.2	0.6	1.7	1.6	1.9	2.2
CP	245264	3.6	3.0	3.1	3.4	5.1	5.0
GFCF	59556	5.0	5.5	5.2	5.3	5.5	5.8
dST	3237	-26.1	27.2	-6.3	15.5	-47.6	76.0
X	123324	4.7	4.7	4.7	4.5	3.4	2.5
M	88068	2.8	2.8	2.8	3.4	3.7	4.2
YD	401024	2.6	2.6	3.7	3.9	4.0	4.5
Agg.Supply							
YA	89826	1.0	1.0	2.7	2.8	2.5	2.9
YMIN	75704	7.5	7.5	5.4	5.6	5.9	6.0
YMF	38966	1.6	1.6	4.7	5.1	5.7	6.0
YE&W	5529	2.3	2.3	3.4	4.0	4.5	4.8
YCON	19554	4.9	4.7	2.5	3.1	3.6	4.0
YPA	41788	1.1	1.1	1.7	3.0	2.1	2.4
YSO	104591	1.9	1.9	4.9	4.7	6.7	6.7
YDF	375959	2.9	2.9	3.8	4.1	4.8	5.0

Source: ECA Secretariat (SERPD)

Notes: CG = Government consumption expenditures
CP = Private consumption expenditures
GFCF = Gross fixed capital formation
dST = Changes in stocks
X = Exports of goods and services
M = Imports of goods and services
YD = Gross domestic product at market prices
YA = Value Added in the agricultural sector
YMIN = Value Added in the mining sector
YMF = Value Added in the manufacturing sector
YE&W = Value Added in the energy and water sector
YCON = Value Added in the construction sector
YPA = Value Added in the public administration sector
YSO = Value Added in the other sectors, including the transport and communications sector, the commerce (gross and retail trade) sector, the insurance and banking sector, and social sectors (education, health)
YDF = Gross domestic product at factor costs.

A = Actual figures
E = Estimated figures
P = Projected figures

51 independent developing African states whose individual GDP growth performance can be seen in Table X below.

Table II: Sub-Saharan Africa (46 States)
1980 Constant US dollars

	1990A USMil.	%Ch	1991E %	1992P %	1993P %	1994P %	1995P %
Agg.Demand							
CG	33040	1.3	-0.6	1.2	1.5	2.1	2.5
CP	160325	1.0	2.9	3.1	3.4	3.9	4.0
GFCF	27268	5.1	3.9	4.0	3.8	5.7	5.5
dST	800	-47.2	70.0	60.0	35.0	4.9	4.5
X	67906	3.4	3.7	3.8	3.1	3.4	3.4
M	46636	0.4	2.2	2.3	2.4	2.6	2.6
YD	242703	1.9	3.1	3.5	3.6	4.0	4.0
Agg.Supply							
YA	73183	0.4	2.1	2.2	2.3	2.4	3.5
YMIN	34542	7.0	5.5	5.1	5.9	5.4	5.9
YMF	22145	1.9	3.7	3.5	4.0	4.3	4.9
YE&W	2484	0.7	2.8	2.0	2.3	2.9	3.0
YCON	6476	0.3	1.9	1.8	1.9	2.0	2.5
YPA	24444	2.1	1.8	1.9	2.2	2.5	3.0
YSO	64535	2.5	3.2	6.5	5.7	5.9	5.7
YDF	227809	2.3	3.2	3.8	4.0	4.1	4.6

Source: ECA Secretariat (SERPD)
Notes: See Table I for variables meaning.
Sub-Saharan Africa: Developing Africa – 5 North African States (Algeria, Egypt, Libya, Morocco, and Tunisia).

Table III: Oil Exporting African Countries (9 States)
1980 Constant US dollars

	1990A USMil.	%Ch	1991E %	1992P %	1993P %	1994P %	1995P %
Agg.Demand							
CG	32409	-1.5	0.0	0.1	0.8	1.2	1.5
CP	147669	4.1	4.0	4.5	4.8	5.0	5.1
GFCF	38970	6.1	9.0	9.1	9.3	9.6	10.1
dST	1400	-46.9	62.0	34.1	8.9	3.9	9.1
X	90458	6.6	4.0	3.2	3.0	3.8	4.7
M	50639	5.4	7.5	6.9	7.0	7.6	7.1
YD	260268	3.7	3.9	4.0	4.1	4.4	4.9
Agg.Supply							
YA	46965	1.9	2.3	2.3	2.5	2.6	2.7
YMIN	68738	8.6	5.5	5.6	6.0	6.7	7.0
YMF	23572	2.5	4.8	4.1	4.3	4.9	5.0
YE&W	3076	2.4	2.5	2.7	2.9	3.1	3.3
YCON	13249	3.4	4.2	4.7	5.0	5.1	5.3
YPA	24722	-0.1	0.9	1.0	1.1	1.2	1.8
YSO	62886	2.3	3.5	5.7	5.5	6.2	7.6
YDF	243207	4.0	4.0	4.2	4.5	5.0	5.6

Notes: See Table I for variables meaning. Oil-exporting African countries which belong to the category of relatively high income countries can be found in Table X.

Table IV: Non-oil Exporting African Countries Non-LDCs (14 States) 1980 Constant US dollars

	1990A US$Mil.	%Ch	1991E %	1992P %	1993P %	1994P %	1995P %
Agg.Demand							
	16237	0.2	-0.4	-0.1	0.7	1.1	1.9
CP	55895	1.7	1.3	1.7	1.9	2.5	2.6
GFCF	13083	4.1	-1.2	1.1	1.5	2.5	3.0
dST	1373	-21.3	9.1	9.4	10.1	3.9	30.0
X	22892	0.6	4.6	5.5	4.6	4.6	3.8
M	22361	0.7	0.2	0.5	0.9	1.2	1.8
YD	87020	1.3	1.9	2.5	2.8	3.0	3.6
Agg.Supply							
YA	21767	1.7	3.7	3.8	3.9	4.0	4.3
YMIN	4944	-3.2	1.2	1.3	1.4	1.5	1.6
YMF	11150	0.4	0.9	0.9	1.1	1.2	1.3
YE&W	1816	1.2	4.7	4.1	4.5	4.8	4.9
YCON	4033	12.1	0.5	1.2	1.3	1.6	2.1
YPA	12026	3.1	1.9	2.0	2.3	2.5	3.0
YSO	26945	1.2	1.5	3.3	3.7	4.9	6.2
YDF	82681	1.4	2.0	2.8	3.0	3.5	4.0

Notes: See Table I for variables. Non-oil exporting African countries and non-LDCs which belong to the category of medium-income countries can be found in Table X.

Table V: African Least Developed Countries-LDCs (28 States) 1980 Constant US dollars

	1990A US$Mil.	%Ch	1991E %	1992P %	1993P %	1994P %	1995P %
Agg.Demand							
CG	9064	3.9	4.4	4.5	4.7	5.0	5.4
CP	41699	-2.5	1.6	1.7	1.9	2.0	2.1
FGCF	7503	0.8	-1.1	0.1	0.9	1.1	1.8
dST	564	361.	-17.0	14.1	30.1	10.1	13.0
X	9974	-2.1	3.3	1.4	-3.7	1.8	2.9
M	15068	-2.3	-0.8	-0.5	-0.1	1.2	1.9
YD	53737	-0.2	2.5	2.6	2.0	2.7	3.0
Agg.Supply							
YA	21094	-1.7	1.7	1.9	1.9	2.1	2.4
YMIN	2023	1.1	3.2	3.0	3.2	3.5	3.8
YMF	4245	-0.4	5.7	5.1	4.8	5.0	5.4
YE&W	638	5.3	4.4	4.1	4.5	4.6	4.6
YCON	2272	0.0	-0.6	-0.2	1.4	1.7	2.1
YPA	5040	2.3	3.3	3.7	3.9	4.3	4.9
YSO	19800	1.3	2.5	2.8	2.1	3.5	4.0
YDF	50070	-0.1	2.3	2.7	2.5	3.1	3.5

Source: ECA Secretariat (SERPD)
   Notes: See Table I for variables meaning. The African Least
Developed countries which belong to the category of very low
income countries can be found in Table X.

Table VI: Central Africa (10 States)
         1980 Constant US dollars

	1990A US$Mil.	%Ch	1991E %	1992P %	1993P %	1994P %	1995P %
Agg.Demand							
CG	3743	2.6	0.1	1.2	1.9	2.1	2.7
CP	20552	−1.1	2.7	1.8	2.9	3.0	3.4
GFCF	4887	2.9	8.3	5.0	6.5	7.0	6.5
dST	877	45.5	18.0	0.8	11.3	8.5	17.8
X	11887	5.5	−1.9	2.1	2.5	4.0	4.3
M	7411	3.0	0.3	1.7	1.1	2.7	2.1
YD	34536	2.0	2.5	2.7	3.1	3.4	3.7
Agg.Supply							
YA	8976	1.5	1.2	1.5	1.7	1.9	2.4
YMIN	7882	5.6	4.9	4.8	3.9	5.2	6.5
YMF	2563	−1.3	−0.5	0.2	0.9	1.5	3.9
YE&W	304	0.0	2.0	3.8	2.8	4.6	5.1
YCON	1017	−1.5	2.1	3.2	3.2	2.9	3.7
YPA	3075	−0.3	1.1	2.8	4.5	3.2	2.9
YSO	9143	0.8	3.5	2.9	3.1	3.3	4.1
YDF	32961	1.8	2.8	3.0	3.5	3.8	4.0

Source: ECA Secretariat (SERPD)
   Notes: See Table I for variables meaning. The Central
African States most of which belong to the Economic Community
of Central African States (ECCAS) can found in Table X.

Table VII: East & Southern Africa (19 States)
1980 Constant US dollars

	1990A %Ch US$Mil.		1991E %	1992P %	1993P %	1994P %	1995P %
Agg.Demand							
CG	13655	2.8	1.0	1.1	1.5	1.6	1.8
CP	38637	-0.2	1.3	1.7	2.1	2.6	2.5
GFCF	8760	0.0	-0.6	0.5	1.0	1.1	1.9
dST	988	53.9	2.1	2.3	2.5	2.3	2.5
X	22114	-0.7	5.6	5.9	5.8	5.4	6.5
M	21129	-0.6	1.6	1.8	1.9	1.9	2.0
YD	63025	1.0	2.4	3.0	3.3	3.5	4.0
Agg.Suuply							
YA	18012	0.7	3.3	3.5	3.7	3.6	3.7
YMIN	6849	2.2	4.2	4.3	4.4	4.9	5.0
YMF	7031	-2.2	1.8	1.9	2.0	2.5	3.0
YCON	972	-0.6	4.8	4.9	5.0	5.3	5.5
YE&W	1826	-0.6	-1.1	-0.5	-0.1	0.3	1.5
YPA	8278	4.3	1.6	1.7	1.8	1.5	1.3
YSO	14638	2.2	1.2	4.8	4.8	4.7	7.1
YDF	57606	1.0	2.3	3.1	3.5	3.7	4.5

Source: ECA Secretariat (SERPD)
Notes: See Table I for variables meaning. The East & Southern African states most of which belong to the Preferential Trade Area (PTA) can be found in Table I.

Table VIII: North Africa (6 States)
1980 Constant US dollars

	1990A %Ch US$Mil.		1991E %	1992P %	1993P %	1994P %	1994P %
Agg.Demand							
CG	26293	-1.8	2.3	2.2	2.4	2.7	3.1
CP	92014	3.7	2.9	3.0	3.1	3.4	3.8
GFCF	33086	4.9	6.6	6.9	7.1	6.8	7.0
dST	-2437	-14.8	13.2	14.1	3.9	4.3	9.1
X	56501	5.7	4.5	13.2	4.9	6.6	7.1
M	43035	4.4	6.0	5.1	5.3	5.7	6.0
YD	167295	3.2	3.4	3.2	3.9	4.6	5.0
Agg.Supply							
YA	18942	0.5	3.0	3.1	3.3	3.4	3.6
YMIN	41176	8.0	4.8	4.9	5.1	5.3	5.4
YMF	17472	1.2	4.6	4.7	4.9	5.1	5.3
YCON	3157	3.9	4.1	4.2	4.3	4.4	4.9
YE&W	3472	6.5	3.0	3.1	3.2	3.2	3.5
YPA	18118	-0.1	1.2	1.3	1.4	1.6	1.7
YSO	44166	0.8	2.3	26.7	3.9	5.5	9.1
YDF	156503	3.2	3.4	3.5	4.0	4.8	6.0

Source: ECA Secretariat (SERPD)

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Notes: See Table I for variables meaning. North African States members of the forthcoming North Africa's Preferential Trade Area (PTA) can be found in Table X.

Table IX : West Africa (16 States)
1980 Constant US dollars

	1990A %Ch US$Mil.		1991E %	1992P %	1993P %	1994P %	1995P %
Agg.Demand							
CP	14020	-0.8	-2.9	-2.0	-1.5	0.1	0.9
CG	94060	2.9	3.8	3.8	3.9	3.7	3.8
GFCF	12823	9.9	5.6	5.7	5.9	5.8	6.0
dST	-1065	-488.	-35.8	-4.3	-11.0	-12.1	-3.9
X	32823	6.5	4.5	3.5	7.2	12.4	13.6
M	16493	3.2	4.6	3.7	3.8	4.0	4.3
YD	136169	2.9	3.7	4.9	4.5	5.8	6.3
Agg.Supply							
YA	43897	1.2	2.1	2.2	2.3	2.4	2.5
YMIN	19797	9.3	6.2	6.5	6.7	6.9	7.0
YMF	11901	5.3	4.7	4.5	4.8	4.9	5.0
YCON	1096	1.3	0.7	0.8	0.9	1.3	1.4
YE&W	3238	2.6	4.7	4.9	4.9	5.0	5.1
YPA	12317	1.2	2.0	2.1	2.3	2.4	2.3
YSO	36644	3.3	4.1	9.5	6.7	10.6	11.9
YDF	128889	3.6	3.8	5.0	4.6	5.9	6.5

Source: ECA Secretariat (SERPD)
Notes: See Table I for variables meaning. The West African States which are members of the Economic Community for West African States (ECOWAS) can be found in Table X.

Table X: Country Forecast: GDP Growth Performance
1980 Constant US Dollars

	1990A %Ch US$Mil.		1992E %	1992P %	1993P %	1994P %	1995P %
1. Burundi	1368	-0.5	2.7	2.6	2.7	3.0	3.1
2. CAR	1079	0.3	1.6	1.7	2.1	2.8	3.0
3. Chad	1136	2.4	3.5	2.8	3.1	3.7	4.0
4. Congo	3018	3.6	4.1	4.5	4.1	4.7	5.0
5. E.Guinea	57	-0.2	0.5	1.0	1.2	1.6	1.8
6. Gabon	4821	11.5	9.1	8.1	7.5	6.2	7.0
7. Rwanda	1326	-4.4	-3.0	-2.1	-0.5	1.5	1.8
8. SaoTomeP	48	12.7	2.1	5.1	5.9	6.1	6.6
9. Cameroon	9462	1.0	1.0	1.5	3.0	3.4	3.7
10. Zaire	12221	0.1	1.3	1.5	1.7	2.0	2.1
CENTRAL AFR	34536	2.0	2.5	2.7	3.1	3.4	3.7
11. Angola	7665	-3.5	2.3	2.0	2.5	2.7	2.3
12. Botswana	2440	6.3	7.2	7.2	7.5	7.9	8.5
13. Comoros	149	0.9	1.4	1.5	1.8	1.9	3.1
14. Djibouti	349	0.7	1.3	1.8	1.9	2.2	2.9
15. Ethiopia	4940	-2.1	2.6	2.7	2.9	3.0	3.1
16. Kenya	10320	2.5	-2.0	1.0	1.5	2.5	3.5
17. Lesotho	535	6.0	4.0	4.1	4.6	5.5	6.5
18. Madagasc	3476	3.0	4.5	4.6	4.7	5.0	5.1
19. Malawi	1740	3.3	3.9	3.8	4.1	4.3	4.5
20. Mauritiu	2069	7.0	7.0	7.2	7.3	7.7	7.9
21. Mozambiq	2250	3.1	3.0	2.9	3.1	3.3	3.3
22. Namibia	2075	2.0	2.9	2.9	3.0	2.7	2.8
23. Seychell	191	5.8	3.0	4.1	4.3	4.5	5.1
24. Somalia	2943	0.1	0.5	0.7	1.1	1.0	1.5
25. Swazilan	773	4.6	4.4	4.7	4.6	5.0	5.5
26. Uganda	3548	-4.9	2.8	3.0	3.1	3.1	3.0
27. Tanzania	6259	3.4	2.8	3.3	3.5	4.0	4.1
28. Zambia	3983	-2.9	2.4	2.0	2.5	2.8	3.0
29. Zimbabwe	7320	3.1	4.0	4.1	4.3	4.6	5.0
E&S AFRICA	63025	1.0	2.4	3.0	3.3	3.5	4.0

Source: Ibid.

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Table X: Country Forecast: GDP Growth Performance (cont'd)
1980 Constant US dollars

	1990A %Ch US$Mil.		1991E %	1992P %	1993P %	1994P %	1995P %
30.Algeria	54413	2.5	3.3	2.8	3.5	3.8	4.5
31.Egypt	36645	2.7	2.1	3.1	4.0	4.5	5.0
32.Libya	30327	6.9	5.0	4.5	5.8	6.5	6.8
33.Morocco	24722	3.4	3.5	3.6	3.8	4.0	4.1
34.Sudan	8973	-5.3	1.7	2.0	2.4	3.1	3.1
35.Tunisia	12215	5.2	5.0	4.8	4.5	5.1	5.5
NORTH AFRIC	167295	3.2	3.4	3.2	3.9	4.6	5.0
36.Benin	1614	0.0	0.6	0.7	0.8	1.3	1.7
37.CapeVerd	92	-5.8	1.2	0.5	1.1	1.6	2.0
38.Gambia	319	6.9	1.7	2.6	2.9	3.5	4.1
39.Ghana	5446	4.8	4.7	4.9	5.0	5.3	5.7
40.Guinea	2290	4.8	4.4	5.0	5.1	5.5	6.0
41.GuineaB.	230	-2.0	3.0	2.8	2.5	2.9	3.0
42.Coted'Iv	9804	-4.5	-1.7	-0.1	1.2	1.9	2.5
43.Liberia	707	-31.	-28.	-12.5	-11.8	-0.1	0.5
44.Mali	2443	-0.1	4.0	3.1	3.2	4.5	4.5
45.Mauritan	787	2.8	2.8	3.0	3.1	3.3	3.7
46.Niger	2542	3.1	0.5	0.7	1.2	1.3	1.7
47.Nigeria	101700	4.1	4.5	4.7	5.0	6.6	7.0
48.Senegal	3915	-3.0	3.7	4.0	4.2	4.8	5.0
49.SierraLe	1089	2.3	1.7	1.9	2.0	2.1	2.3
50.Togo	1182	3.7	4.1	4.8	5.0	5.2	5.3
51.UpperVol (Burkin)	2009	-0.4	3.0	3.1	3.3	3.4	3.6
WEST AFRICA	136169	2.9	3.7	4.9	4.5	5.8	6.3
DEV. AFRICA	401024	2.6	2.6	3.7	3.9	4.0	4.5

Source: Ibid.

Notes: The oil exporting African countries (9) include:
Algeria, The Libyan Arab Jamahirya, Gabon and Nigeria which
are OPEC members, plus Angola, Cameroon, Congo, Egypt, and
Tunisia.
     The Non-oil exporting African countries and Non-LDCs
(14) include: Cote d'Ivoire, Ghana, Kenya, Madagascar,
Mauritius, Morocco, Mozambique, Namibia, Senegal, Seychelles,
Swaziland, Zaire, Zambia, and Zimbabwe.
     The Least Developed African countries (28) include:
Benin, Botswana, Burundi, Cape Verde, Central African Republic
(CAR), Chad, Comoros, Djibouti, Ethiopia, Equatorial Guinea,
Gambia, Guinea, Guinea Bissau, Liberia, Lesotho, Malawi, Mali,
Mauritania, Niger, Rwanda, Sao Tome & Principe, Sierra Leone,

Somalia, Sudan, Uganda, Tanzania, Togo, Upper Volta (Burkina Faso).

Table XI: Net Resource Flows to Sub-Saharan African
(Billions of US dollars)

	1980	1986	1987	1988	1989	1990
1. Official Dev. Finance	10.6	15.4	18.3	19.9	18.8	29.0
-Bilateral	6.4	9.4	13.5	14.6	15.1	17.6
-Multilateral	2.5	4.0	4.8	5.3	5.2	5.6
-Others	1.8	2.0	3.7	5.9	5.8	5.8
2. Export Credits	1.8	-0.1	0.0	-2.0	-0.8	0.8
3. Private Flows	3.7	4.2	4.1	4.2	4.1	2.9
Total Net Flows (nominal)	16.1	19.5	22.4	22.1	22.1	28.7
Total Net Flows (Real)*	15.5	15.1	16.7	17.1	17.5	18.7

Data Source: Estimations from OECD data
      * at 1985 constant prices and exchange rates.

Table XII: Balance of Payments Projections for Africa
(In Billion of US dollars)

	1985	1988	1990	1991	1992	1993
Merchand. Exports	64.0	69.5	73.4	78.9	84.1	90.7
Merchand. Imports	-58.1	-69.2	-77.8	-82.9	-88.4	-94.6
Trade Balance	5.9	0.3	-4.4	-4.0	-4.3	-3.9
Insurance & Freight N	-5.5	-8.7	-11.9	-12.4	-13.8	-15.8
Interest Payments Net	-6.8	-7.8	-8.5	-9.7	-10.1	-13.7
Other Services Net	-5.2	-4.6	-4.2	-4.3	-4.5	-3.7
Services Balance	-17.5	-21.1	-24.6	-26.4	-28.4	-33.2
Net Priv.Unreq.Transf.	4.7	4.9	5.2	5.3	5.5	6.1
Net Gov.Unreq.Transf.	3.3	4.4	5.4	5.8	6.2	6.6
Total Transfers	8.6	9.3	10.6	11.1	11.7	12.7
Financing:	1.2	1.6	3.0	7.4	5.5	6.5
-Direct Foreign Invest.	1.6	1.8	2.4	2.6	2.8	3.1
-Changes in reserves	-0.4	-0.2	0.6	4.8	2.7	3.4
Net Lending	-2.4	-9.9	-15.4	-11.9	-15.5	-17.9

Data Base Source: ECA Secretariat

Table XIII : Debt Burden Projections
(Historical Trends)

	1988	1989	1990	1991	1992	1993
Total External Debt (US$ Billion)	252.6	265.4	271.9	311.3	339.3	368.2

Ratio of: (per cent)

	1988	1989	1990	1991	1992	1993
-Interest Pym/Export	34.0	35.5	40.2	38.1	40.1	41.5
-Debt/Exports	269.6	277.7	300.4	367.1	381.0	359.1
-Interest Pym/GDP	2.9	3.1	3.5	3.4	3.6	3.9
-Debt/GDP	87.3	91.1	90.9	95.8	99.1	102.7
-Current Acc./Export	-3.1	-4.1	-0.3	-1.0	-7.4	-4.1

Source: Preliminary Estimates from ECA data