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PREFACE

The 1989 issue of the **Economic Report on Africa** has been prepared by the staff of the United Nations Economic Commission for Africa in order to provide up-to-date information on the main economic trends and issues in the African region in an easily accessible format in the hope that this will not only inform its readers but also, by drawing attention to the problems identified, help in contributing to their solution. The **Economic Report on Africa 1989** updates my **Preliminary Assessment of the Performance of the African Economy in 1988 and Prospects for 1989** which was issued on 2nd January, 1989. Although since then more data have become available, the picture presented in this Report is substantially the same as in the **Preliminary Assessment.**

This **Economic Report on Africa 1989** is also a follow up to and an update of the report which the Secretary-General of the United Nations presented to the 43rd session of the General Assembly in September 1988, through the Ad Hoc Committee of the Whole on the Mid-term review of the Implementation of the United Nations Programme of Action for African Economic Recovery and Development 1986-1990.[1] In addition to this Report, the Ad Hoc Committee of the Whole also had before it the review and assessment undertaken by the Steering Committee of the Organization of African Unity (OAU)[2] and **The Khartoum Declaration** on the Human Dimension of Africa's Economic Recovery and Development[3] which came out of the ECA-sponsored international conference on the same subject.

The overall conclusions arrived at by all these reviews of Africa's economic performance during the period 1986-1988 was that the deterioration in the overall economic situation in Africa has continued unabated as economic performance during the period was generally disappointing. GDP rose by only 1 per cent in 1986 and by a mere 0.7 per cent in 1987. Worse still per capita income fell by 2.0 and 2.2 per cent in those years respectively. All the reviews agreed that external constraints played a major role in the continuing unsatisfactory macro-economic performance of the African economies. As the Secretary-General's own report put it, "the experience of the first two years of the Programme demonstrates that Africa's efforts at economic restructuring and policy reforms

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[1]General Assembly Document No. A/43/500 of 10 August 1988. The Secretary General had, in the preparation of that report, been assisted by a Working Group consisting of ECA, FAO, UNCTAD, UNDP and the World Bank under the aegis of the Inter-Agency Task Force and the Steering Committee on UN-PAAERD.

[2]General Assembly Document No. A/43/596, Annex.

[3]General Assembly Document No. A/43/430, Annex 1.

are severely limited by the external constraints posed by the closely intertwined problems of debt, commodities and capital resource flows. These constraints will continue to hinder recovery and growth unless concerted actions are taken by the international community to provide lasting solutions. They have to be tackled in an integrated manner in order to ensure that net resources transfers to Africa are sufficient to meet the region's development requirements"[4].

The Secretary-General further drew attention to the fact that:

> "the implementation of structural adjustment programmes has given rise to general concerns. The limited objectives and short-term perspectives of those programmes are sometimes viewed, by African countries and others, as being at variance with the objectives of more balanced long-term development. Their human and social costs have often been seen as out of proportion with their real or intended benefits. The most vulnerable population groups, in particular women, youth, the disabled and the aged, have been severely and adversely affected, directly and indirectly, by such measures as the withdrawal of subsidies on staple food items, the imposition of limits on wage increases at or below the inflation rate, the retrenchment of civil servants and private sector personnel frequently belonging to the lowest salary categories, and the cutting of expenditures on social services, including health and education, and on basic infrastructure. Access to food has become more difficult for large segments of the population, with the result that malnutrition has increased, particularly among children, infants and pregnant women. As a result of these concerns, African Governments and donors are now more keenly aware of the need to address the social impact of reform programmes. Moreover, some of the main ingredients of the programmes, such as re-alignments of exchange rates and rises in producer prices, are not generating the full expected benefits because of the structural rigidities that characterize the current stage of development of most African countries. Structural adjustment programmes need to be designed as an integral part of a long-term development strategy and the human dimension needs to be made a central concern of both the shorter-term adjustment programmes and the longer-term development strategies."[5]

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[4] A/43/500, op.cit, p.11.

[5] Ibid., pp. 29-30.

Indeed, the General Assembly and its Ad Hoc Committee of the Whole concurred with these findings of the Secretary-General when they affirmed that:

> "the implementation of structural adjustment programmes has given rise to general concerns, such as human, social and political consequences, as well as long-term financing needs for African economic recovery and development efforts. These concerns have resulted in a dialogue on the nature and content of adjustment programmes. ... (They) should be designed in such a way as to mitigate their adverse socio-economic effects, ensure that the human dimension is integrated in them, further improve the well-being of the poor and disadvantaged in African societies, notably through redirecting social and development expenditures, and make short-term stabilization and adjustment measures compatible with and built into long-term structural transformation."[6]

The entire international community, as represented by the General Assembly, then urged that the "African countries should increase their efforts in the search for a viable conceptual and practical framework for economic structural adjustment programmes in keeping with the long-term development objectives and strategies at the national, subregional and regional levels."[7]

Any attempt to portray the economic situation currently prevailing in Africa in rosy picture, to minimize the impact of an adverse external environment and to depict the effects of structural adjustment programmes as having been always positive does not only detract from the reality of the situation but is also cynical in the extreme. This can only damage the efforts of African countries to overcome the economic crisis and bring about sustained growth and development and weaken the support needed from the international community for the recovery and development process in the continent. In the **Economic Report on Africa 1989**, we have, consequently, tried to narrate the facts as they are because it is only by appreciating the reality - sometime the bitter reality - of our situation that the rest of the international community and, indeed, mankind as a whole, can continue to rally round with support. For too long, the serious economic situation of Africa was not generally known to the rest of the world. Now that it is, and the Africans and their partners-in-development are determined to do something about it, let us not be lulled into a false sense of security nor be parties to any

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[6]General Assembly Document No. A/RES/43/27, pp. 65 and 68.

[7]Ibid., p. 68.

attempt to paint a mythical optimistic picture. Just as a few scattered drops of showers do not constitute a rainfall and a few trees do not make a forest, so a few events do not constitute a trend. Africa's journey to recovery and sustainable development is still a long and arduous one and we cannot afford to relent.

Adebayo Adedeji
UN Under-Secretary-General and
Executive Secretary of the
Economic Commission for Africa

I. THE AFRICAN ECONOMY IN 1988 - AN OVERVIEW

1. It is estimated from provisional ECA data that output in developing Africa grew by 2.3 per cent in 1988, compared to a mere 0.7 per cent in 1987, and 1.0 per cent in 1986 (see Table I). While on the face of it, the 1988 overall performance is a significant improvement on 1986 and 1987, two points must be made at this juncture. First, the better performance was due mainly to the good agricultural year. There were above average rains in most areas in 1988, and the farming population appears to have taken full advantage of them, undoubtedly spurred on by the favourable impact of the policy reform measures advocated in the African Priority Programme for Economic Recovery (APPER) and the United Nations Programme of Action for African Economic Recovery and Development 1986-1990 (UN-PAAERD) which a large number of African countries have adopted.

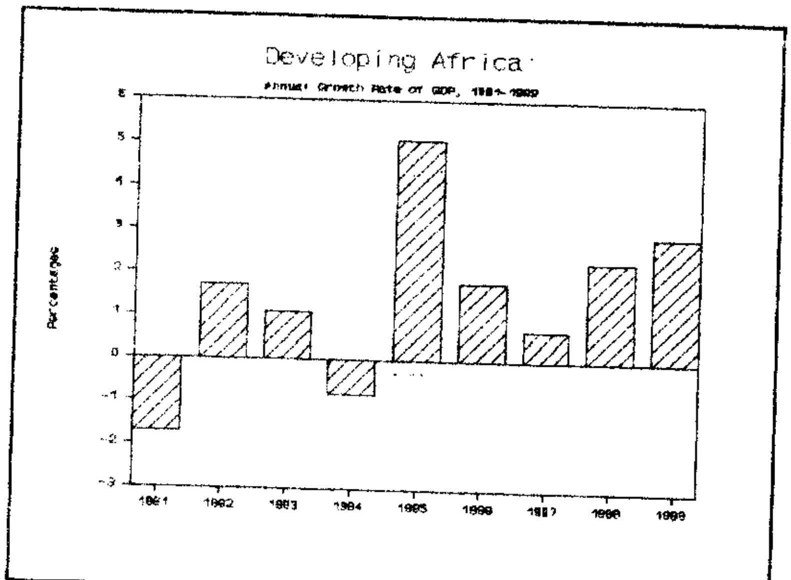

Figure 1

2. The agricultural picture is not wholly favourable, however, because of the lingering menace of locust infestation in the Sahel and North Africa, of drought in two countries in North Africa and of the precarious food situation in Ethiopia, Angola and Mozambique.

Table I.
Developing Africa
Economic Indicators, 1986-1988

	1986	1987	1988
Real Growth (%)	1.8	0.7	2.3
Domestic demand growth (%)	-1.1	-1.2	1.5
Inflation	12.5	15.7	21.3
Commodity prices (100=1980)	51.5	62.2	54.2
Oil price ($/bd)	14.42	18.38	14.88
External debt ($ billion)	190.0	220.3	230.0
Current account balance ($ billion)	-7.2	-10.2	-10.8

Source: ECA secretariat.

3. Besides, Africa's agriculture is excessively dependent on the weather and most of the region is drought-prone. This vulnerability to weather conditions will remain until agricultural technology is changed to make a shift, wherever feasible, to irrigation instead of relying only on rain-fed cultivation. Secondly, even the 2.3 per cent growth in GDP is not sufficient to pull the region out of its current crisis. Per capita GDP growth rate was negative in 1988 (-0.7 per cent) as it has been throughout this decade. Indeed, the cumulative impact of the economic crisis in Africa during the 1980s has been a sustained drop in the standard of living of the average African. So much so that today, his or her per capita income is only about 80 per cent of what it was at the beginning of the decade.

4. The performance of sectors other than agriculture was mixed. The oil market was particularly unfavourable, with prices sliding down throughout the year because of OPEC overproduction. There was a boom in metals prices, particularly for copper and nickel. Diamonds were in very high demand. But beverages prices were weak, or at a record low as in the case of cocoa. On average, commodity prices were in 1988 only 54.2 per cent of their 1980 level, falling by 12.9 per cent compared to 1987.

5. The current account remained in deficit, at an estimated $10.8 billion - a little worse than in 1987. Exports increased by only 2.6 per cent in value, and 0.1 per cent in volume given the fall of oil and beverage prices, while imports rose by 8.2 per cent in value and 1.2 per cent in volume.

6. Africa's external debt and debt-servicing position grew worse in 1988. Total external debt obligations increased from $220.3 billion in 1987 to $230 billion in 1988, an increase of about 4.4 per cent.

7. Prospects for 1989 are for a modest improvement on 1988 provided that the international economy remains on its present course and good weather conditions prevail. Already, excessive rainfall and floods in different parts of southern Africa, particularly Zambia and Malawi during the first quarter of 1989, threaten the prospects of good harvests. There are already serious dangers from rising interest rates, to the recovery effort in the heavily indebted African economies and additional initiatives would be needed to lighten the debt burden of African countries. Debt relief measures should be broadened to include a greater number of countries and provide more reliefs.

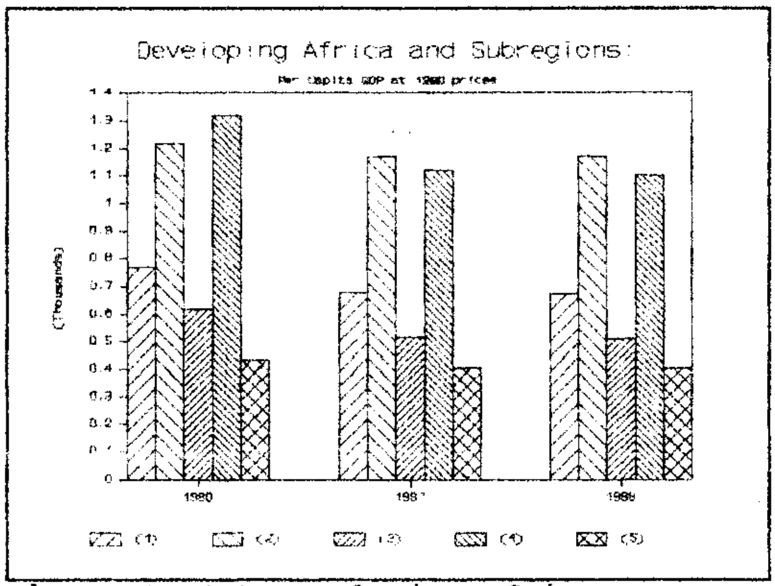

Figure 2: (1) Developing Africa; (2)North Africa; (3) Sub-Saharan Africa; (4) Oil-exporters; (5) Non-oil-exporters

8. Practically all subregions have shared in the modest upturn in economic performance: in North Africa, output grew by 2.4 per cent after a mere 0.4 per cent in 1987 and in Sub-Saharan Africa, growth went up in 1988 to 2.1 per cent compared to only 1.0 per cent in 1987. In Southern Africa and the Sahel countries, performance was even better, output rising by 3.6 per cent; that is just above population growth. Oil exporting countries managed to increase output only by 1.7 per cent as against 0.4 per cent in 1987, whereas output growth in non-oil exporting countries, matched population growth reaching 3.2 per cent after 2.6 per cent in 1987. Among non-oil exporting countries, the non-LDC countries achieved an average of 3.9 per cent, their best growth performance since 1985.

9. Output performance has been better virtually in all sectors of the African economy in 1988 than in 1987. Agricultural value added has risen by 2.3 per cent compared to a fall of 0.3 per cent in 1987. As already indicated, this is due to exceptionally good weather conditions and positive producer response to an improved

incentive structure. Mining value added is estimated to have grown by 4.7 per cent. However, the slump in oil prices has exerted a particularly severe impact on the economies of the African oil exporters (which together accounted for 62.3 per cent of Africa's GDP in 1987) who have seen their total oil production grow by a mere 2.2 per cent, which was far from sufficient to compensate for the loss of income associated with price declines. Manufacturing also performed better, especially as a result of substantial increments in the availability of agricultural raw materials for the agro-allied industries, although the sector remains far from becoming the complementary engine of growth that it should be due to lingering structural limitations and deficiencies.

10. Domestic demand grew by only 1.5 per cent only in 1988 for the region as a whole, in 1988 after a fall of 1.2 per cent in 1987. There was a slight recovery in private consumption which rose by 2 per cent, and in fixed capital formation which has increased by 1.8 per cent. But the rise in private consumption has not prevented further fall on a per capita basis by a full percentage point. Since 1980, the compound rate of decline is about 20 per cent, a considerable figure fully corroborated, unfortunately, by the visible impoverishment in many African countries. The modest 0.8 per cent growth of government consumption reflects budget retrenchment policies across the region. Inflationary pressure increased to 21.3 per cent in 1988 from 15.7 per cent in 1987 to 21 per cent in 1988.

11. The increase in fixed capital formation by 1.8 per cent in 1988 is a positive development coming after a fall of 5.3 per cent in 1987. An almost decade-long decline brought the rate of capital formation down from 21 per cent of GDP in 1980 to only 15.6 per cent in 1988. This has resulted, in many cases, in the non-renewal of the capital stock as evidenced by decaying public buildings and deteriorating transport systems in Africa. The lack of maintenance of infrastructure has gone to such an extent that in some countries, large areas of the countryside are practically isolated from major towns. This is compounded by some of the major investments lying unused because of design faults or being simply dismantled. The modest rise of investment in 1988 is not however a general phenomenon and some countries or groups of countries continue to experience falls in capital formation, as is the case, for example, in North Africa, where in the Libyan Arab Jamahiriya, investment is mostly limited to the completion of on-going projects, like the Great Man Made River. In Sub-Saharan countries, a number of oil-exporting countries such as Cameroon, Congo, Gabon and Nigeria which engaged on large investment projects in the first part of the decade, have now been obliged to cut down considerably on these expenditures.

12. The growth in output has of course varied widely among countries. The frequency distribution of countries according to their GDP growth rates (Table II) indicates that while the number

of countries with negative growth rates has declined sharply from 14 in 1987 to only 6 in 1988, the number of countries experiencing negative or growth rates below 3 per cent has in fact increased from 29 to 31. Most countries were clustered in the 0-3 per cent growth range in 1988, 25 countries in all compared to 15 in 1987. However, only 18 countries achieved growth rates of 3 per cent and above (3-8+ per cent) in 1988 as against 27, 25 and 21 in 1985, 1986 and 1987 respectively - the number seems to be decreasing every successive year rather than increasing.

Table II

Frequency Distribution of African Countries

According to the growth rate of GDP, 1985-1988
(Percentage)

Growth	1985	1986	1987	1988
Negative	10	13	14	6
0-3	13	12	15	25
3-6	16	20	16	15
6-8	3	3	4	3
Above 8	8	2	1	1

Source: ECA Secretariat

II. SUBREGIONAL PERFORMANCE

13. In North Africa, as already indicated, output grew by 2.4 per cent after a mere 0.4 per cent in 1987. Morocco had particularly good economic results, due partly to favourable weather (there was a drought in 1987, and in 1988 agriculture recovered and expanded by a considerable 24 per cent) and government reform measures. Export performance was good even if it did not match the exceptional results of 1987. Tourism revenues soared in particular. In manufacturing, a stable growth in value added of around 4 per cent a year was achieved in contrast to the contraction and stagnation experienced earlier in the decade. Investment has expanded rapidly while the current account balance has improved.

14. Algeria on the other hand, a major oil exporter, has experienced serious difficulties in 1988. Output of crops has been considerably reduced as a result of drought and locust infestation. Oil revenues have dropped, following declines in crude oil prices. Though Algeria has developed natural gas extraction to the point that its export earnings are now more important than those from crude oil, there have been problems in 1988 arising from reduced demand and pressures to align gas prices with the lower oil prices. Though condensates, natural gas and refined petroleum products now represent 83 per cent or more of hydrocarbon exports, hydrocarbon production and exports as a whole performed only modestly in 1988.

15. In West Africa, a subregion where output growth was only 2.0 per cent in 1988, the Sahel countries did particularly well as a result of the impact of the above average rainfall on agriculture. Niger remained adversely affected by the fall of demand for uranium and has managed only a growth of 1.8 per cent in GDP. The non-Sahel countries are experiencing extreme difficulties and some of them like Sierra Leone have declared a state of economic emergency. The mining industry which generates most export revenues in Sierra Leone is plagued by massive smuggling, and the consequent loss of revenues has inevitably been compensated for by deficit financing. In 1987/88, for example, the money supply in Sierra Leone expanded by more than 50 per cent. In Cote d'Ivoire, the economy has been badly affected by the slump in cocoa and coffee prices, and the servicing of a crushing external debt estimated at $14.1 billion has had a devastating impact on investment. Growth is at a standstill, and, in 1988, the economy expanded by a mere 0.8 per cent.

16. Though it has also suffered from the low cocoa prices, Ghana's economy has nevertheless expanded by an estimated 5.6 per cent in 1988. Good rains in the year, and a diversification of exports into gold and timber are the main factors behind Ghana's performance. Another country doing relatively well is the Gambia, although inflationary pressures remain a worrying concern for the authorities.

17. Until the devaluation of the Naira, Nigeria was the largest economy in the region (it accounted for at least a quarter of the total product of developing Africa) and remains still Africa's biggest oil exporter. The fall in oil prices has triggered a process of economic decline in Nigeria, as resources for imports were drastically cut and sectors other than those producing oil were affected by shortages of imported inputs and/or unfavourable relative prices. The government has embarked on an adjustment programme since 1986, and substantially liberalized the economy, but the difficult circumstances have persisted. There is a huge external debt, laterly estimated at $29.4 billion, the servicing of which would require more than $2 billion in 1989. Exports fell to $7.1 billion in 1988 because of low oil prices and of Nigeria sticking to its OPEC quota of approximately 1.3 million barrels a day. In 1980, exports were valued at $26.0 billion. Non-oil exports have revived somewhat partly because of the stimulus provided by the adjustment programme, but progress remains modest as non-oil exports account for a mere 5 per cent of total exports. The economy is undergoing an import squeeze which has been particularly hard on manufacturing, where capacity utilisation remains low despite recent progress. In 1988, GDP is estimated to have grown by 1.8 per cent, a net improvement compared to no growth in 1986-1987. Agriculture performance has been strong, and manufacturing has started to adapt to more locally-based supplies. But investment remains very weak at only 8 per cent of GDP compared to more than 16 per cent at the beginning of the decade.

18. Also in Central Africa economic performance remained weak in 1988 despite some improvement in comparison with 1987. The oil exporting countries in the subregion have all been badly hit by reduced revenues and heavy debt service. In the case of Cameroon, there is, in addition, an absolute fall in oil production which could only have worsened an already difficult economic situation. Zaire, as a major mineral economy, and a leading world producer of copper and cobalt should have but failed to benefit from the copper boom which brought prices up from 62.13 cents per pound in 1986 to 117.93 cents in 1988. Copper production in Zaire did not rise despite high demand. Indeed, mining production declined in spite of official projections of a volume rise of nearly 7 per cent, and in dollar terms, exports do not seem to have increased. Over all output grew by less than 2 per cent, around the average rate for 1980-1987, which is approximately 2 per cent.

19. In East and Southern Africa, performance was in fact less favourable in 1988 than in 1987, with output rising by 2.5 per cent in 1988 compared to 3.8 per cent, in 1987. In Kenya, economic growth deteriorated as exports dropped. In Madagascar, the economy has grown by a mere 1.9 per cent though agriculture production has improved as well as exports. The devaluation of the currency, the liberalisation of trade, the increase of agricultural producer prices, have not yet resulted in any significant stimulus to the

economy, but has brought considerable social cost in terms of reduced real incomes and high food and utilities prices.

20. For the sub-group of Southern African countries, however, the good rains of 1988 have boosted growth; their combined output growing by 3.6 per cent, their best performance since 1981. In Zambia for example, the 1988 maize crop practically doubled to 1.3 million tons, making the country self-sufficient. In Zimbabwe, value added in agriculture jumped by at least 25 per cent and GDP is thought to have grown by around 6 per cent although there are still concerns about the low level of investment, increasing population pressures and the servicing of the external debt which requires strict import controls. But in Zambia, the mining industry has continued to be affected by supply constraints and copper output may have fallen to as low as 419,000 tons, so that GDP growth has not exceeded 2.0 per cent.

21. In this short panorama of African economies in 1988, two countries have not been touched upon - Botswana and Mauritius. Both have been recording exceptional results for a number of years although for quite different reasons - Botswana because of its booming diamond industry and Mauritius because of its rapid industrialisation. In Botswana, because of its diamond industry, GDP grew in 1988 by 8.6 per cent, after an average of 11.7 per cent in 1980-1987, compared to only 1.1 per cent for developing Africa as a whole. In Mauritius, GDP grew by 5.7 per cent in 1988, less than in the previous two years, but the performance remained impressive, with 12.5 per cent rise in manufacturing production, 16.4 per cent growth (in volume) in goods and services exports, a fall of the debt service ratio to only 10 per cent or less. The growth experience and the development model in these two countries, while not readily transferrable or necessarily relevant to other African countries do show in many significant ways the potentials of the region in overcoming its present predicament although renewed and accelerated regional growth will not be achieved until the major economies manage to achieve sustainable recovery. Table III shows the performance of the different subregions in both 1987 and 1988. It also shows the ECA rather optimistic but not unrealisable projections for 1989 by subregion (see Sections VIII <u>Outlook for 1989</u> for details).

Table III.

Output share and growth rate by subregion and economic grouping, 1987-1989

(percentage)

	GDP per head 1987 (1980 $)	Output share in 1987	Growth 1987	1988*	1989**
North Africa	1 173.1	40.8	0.4	2.4	3.4
Sub-Saharan Africa	517.2	61.6	1.0	2.1	2.7
Central Africa	502.7	10.0	-2.2	1.5	1.9
East and Southern Africa	366.7	6.6	3.8	2.5	2.8
Southern Africa	389.5	4.3	2.2	3.6	1.1
West Africa	677.9	32.7	0.2	2.0	2.5
Sahel countries	305.3	3.1	1.8	3.6	3.2
Sub-Saharan Africa without Nigeria	407.6	37.4	1.6	2.3	2.9
Oil exporters	1 119.3	62.3	0.4	1.7	2.7
OPEC members	1 331.3	46.5	1.5	2.1	2.4
Non-oil exporters	406.2	37.4	2.5	3.2	3.2
LDCs	234.1	12.8	3.6	2.0	3.6
Others	659.2	24.5	1.9	3.9	3.1
Developing Africa	676.0	100.0	0.7	2.3	2.9

Source: ECA secretariat.

* Revised estimates.

** Projections (based on optimistic assumption). See Section VIII - Outlook, 1989.

III. PERFORMANCE IN THE FOOD AND AGRICULTURE SECTOR

22. It has already been stated that agriculture performance was particularly good in 1988. Table IV gives a summary picture for the subregions of Africa, for the years 1986, 1987 and 1988. As could be seen from this table, the improvement in agricultural output has been general. The causes for this have also already been discussed; that is, the very good weather across the continent and the supply response of the farming population to the better incentives provided by the policy reforms introduced in recent years. There is, of course, still a worrying food situation in countries such as Angola, Mozambique, Ethiopia and Sudan and this is mainly the result of security problems. Also the locust infestation which created considerable concern in 1988 remains a looming menace. Moreover there is the problem of the vulnerability of Africa's agriculture with its excessive dependence on weather cycle - a problem that must be addressed squarely as is required by both APPER and UN-PAAERD. It is only by so doing that high production can be sustained.

Table IV.

Growth Rates of Agricultural Production

by Subregions, 1986-1988

Subregion	1986	1987	1988
North Africa	4.08	0.65	4.69
West Africa	6.46	-3.50	1.98
Central Africa	5.51	-2.75	3.99
Great Lakes	-0.06	-0.59	1.78
Eastern and Southern Africa	4.00	-0.84	5.34
Developing Africa	4.54	-1.21	3.08

Source: Data compiled from FAO production index numbers (1979-81 = 100) in computer print-outs (Rome, November 1988).

23. One of the best indicators of food production is cereal production. According to the latest FAO estimates, cereal production has increased to 78.8 million tons in 1988 compared to 65.3 millions in 1987, a rise of 20.7 per cent. However, for root and tubers and plantains which are the staple food in many parts of the region - in West Africa along the Gulf of Guinea, in practically all of Central Africa and in a good many areas of East

and Southern Africa - production has risen by only 1.1 per cent. This has to be qualified because production of root plants like cassava is not well known and because root and tubers are often reserve foods, to be resorted to in hard times. However, reports of mealy bug infestation of the cassava crop are worrying and protective measures seem to be urgently needed.

24. A country by country review of the food situation is not possible in the present context, but some cases deserve a mention. First, the spectacular recovery in Morocco, where the cereal harvest doubled as good weather returned. This result has however to be understood in the framework of the south Mediterranean climate, characterized by the extreme variability of the rain pattern. Second, in Southern Africa, in Zambia, the 15.5 million bags marketed maize harvest has been collected with extreme difficulties, as the bumper harvest strained storage and transport facilities. Zimbabwe has again an exportable surplus of grain in the 1988/89 season, and in Botswana a six year drought has ended, with cereal output rising to 58,000 tons. Sudan, despite damaging floods in 1988, when the Nile reached record levels, has harvested a bumper 5.3 million tons cereal harvest compared to only 1.7 million tons in 1987. Despite these positive developments, in a report issued in November 1988, the FAO estimated that food aid requirements for 1988/89 would drop only slightly, to some 1.8 million tons.

25. Industrial crops have also increased in the region, but the problem here is different since good crops generally coincide with lower prices on the world market. This is particularly the case for cocoa. Developing Africa's production of cocoa is estimated at 1.263 million tons in 1988/89 which constitutes about 55.3 per cent of the world's total. But with a total production of over 700 thousand tons, Cote d'Ivoire is the largest producer. However, African producers were unable to capitalize on their bigger cocoa crop in view of the sharp decline in prices. With large unsold stocks, the average daily ICCO price of cocoa dropped by 24.7 per cent in 1988/89 compared to 1987/88, to a low of only $1,504 per ton, a price well under production costs in Cote d'Ivoire. Consequently, African producers were unable to capitalize on their bigger cocoa crop, in view of the sharp decline in cocoa prices. Being the largest world producer, Cote d'Ivoire for its part has striven to reverse market trends and has for almost a year withheld its crop from the market, without however the expected results. A new cocoa agreement is yet to be signed. Coffee production rose by 8.5 per cent in 1988 to 1.34 million tons. Prices have behaved better than for cocoa, but Arabicas have been the main beneficiaries. An international coffee agreement was finally signed at the end of the year, which appears to favour Arabica coffees, when most African producers are Robusta producers.

26. African meat production is estimated to have reached 6.9 million tons in 1988, or some 12 kg per head. These figures are,

however, only approximations. In most African countries where animal husbandry is important, most livestock is raised by nomads or semi-nomads, and even the numbers of their herds are known only within a rather large margin. This notwithstanding, what is important to stress is that the region is dependent on imports for its meat consumption, despite the potentials of areas like the Sahel to supply meat deficit areas like those on the Atlantic Coast. There is acute competition from low-cost and, in fact, heavily subsidized imports from the EEC and Latin American countries such as Argentina.

27. In the non-food sector, which includes forestry, the performance was fairly good except for the North and the Great Lakes countries. The situation of forestry is a cause for concern because of the rapid deforestation and of the acute shortage of timber and fuelwood in wide areas of the Sahel and East Africa. According to the FAO, the dense, humid forests of tropical Africa are being depleted at an average 1.3 million hectares per year, while the depletion rate reaches 2.5 million hectares per year in savannah woodlands. Meanwhile, afforestation and reforestation rates are considerably what is urgently required. For example, it is reported that during 1987-1988 only 150,000 hectares of forest were planted. Fuelwood and charcoal are the main energy sources for the majority of the African population, which may have consumed some 100 million cubic meters in 1988. But the rapid deforestation has created an acute shortage, clearly visible in the Sahel, or in countries of East Africa, for example, in Ethiopia. Deforestation moreover threatens the fertility of the land, because of resulting accelerated erosion which is widespread throughout the region.

28. While the impact of good weather last year has been largely responsible for the good performance in the food and agriculture sector, the positive impact of many of the reform measures adopted should not be underestimated. Many African countries are moving very close to the target set in APPER of allocating between 20 and 25 per cent of public investment to food and agriculture. Indeed, a few countries have already exceeded this target. Besides, several of the policy reform measures contained in both APPER and UN-PAAERD have now been introduced and are beginning to yield positive results. Evidence of this is widespread. One case in point is Zambia, where producers prices have been raised considerably, particularly maize prices, which have provided a powerful stimulus to production. Apart from bad crops during times of drought, like in 1987, Zambia is now self-sufficient in maize. In 1988, in fact, the crop exceeded the available storage and transport capacity. A similar situation obtains in Tanzania. With the raising of producers prices, and the reduction of subsidies to food prices in the urban area, food production rose strongly. Again, in a country such as Guinea-Bissau, the area under rice cultivation rose with higher prices. The same situation is observed in neighbouring Guinea, where higher rice production has made possible the reduction of imports. In Guinea again, since the

liberalisation of the sector in 1986, fish production has risen considerably. The fact that better prices and other incentives tend to stimulate production is also well documented for export and industrial crops: in Ghana since cocoa prices have been increased relative to world prices, production has gained at least 22 per cent without an increase in acreage. In Nigeria, also several measures such as higher prices based on market valuations, the abolition of agricultural marketing boards and the ban on grain imports, have strongly stimulated production. Cocoa exports, for example, doubled in 1988 compared to 1987, despite the fall of cocoa prices. But a drawback is that internal food prices have risen sharply in Nigeria. For example, the price of bread is reported to have gone up by 2000 per cent. In Ethiopia, where the government is implementing vast and radical reforms in the countryside, procurement prices have been raised and plans laid for an open market for grain produced in excess of the quotas to be delivered to the Agricultural Marketing Corporation.

29. Evidence from most countries indicates that further changes are being introduced in agriculture, and most of these changes are in the direction of the promotion of smallholder agriculture instead of previous policies which gave emphasis to large and state-controlled schemes. A country where agricultural reform has probably gone the furthest is Algeria. There the system of 'exploitations auto-gerees', or socialist co-operatives set up after independence has been effectively dismantled with most of the land allocated to small partnerships and private operators. Elsewhere, where the State is directly involved in the production process, the tendency now is to give greater say in decision-making to the tenants on crop mix and production.

30. Agricultural productivity, however, still remains low and the extreme vulnerability of agricultural production to weather conditions has to be tackled urgently. This problem is not adequately addressed by current policies and a repeat of the drought-related crisis is still a haunting possibility. Investment in agriculture is still low and grossly inadequate to cater for the acute necessity of upgrading agricultural techniques and its supporting structures. Africa's green revolution is still not yet in sight.

IV. COMMODITY PRICES

31. Crude oil prices, which prevailed at the beginning of the year at $18 a barrel, soon dropped as OPEC produced well over its quota. Prices went down to reach a low of $12 by October. Prices recovered only when OPEC agreed to a new quota structure in November. A new global quota of 18.5 million b/d for the first half of 1989 was agreed upon, while production had reached 23 million b/d in December 1988.

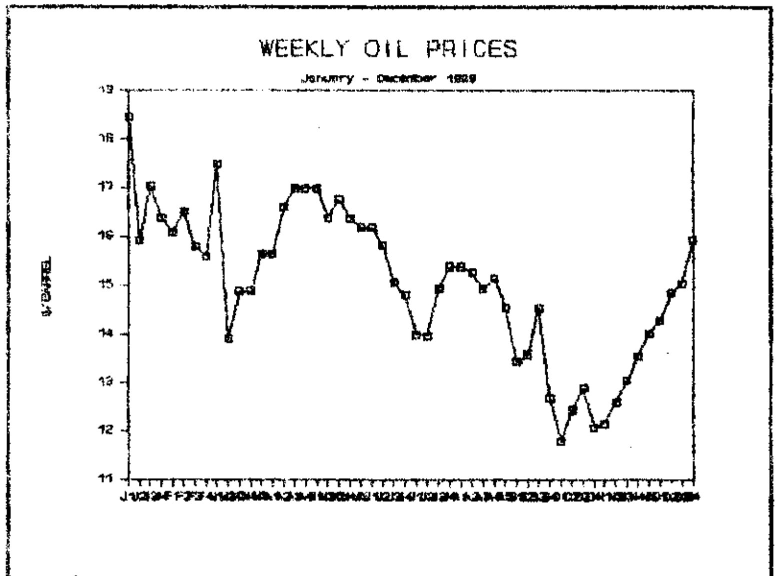

Figure 3

32. African oil-exporters which account for over 60 per cent of the continent's total output have suffered painful losses as a consequence of the price slump of 1988. Nigeria's earnings from oil exports, for example, were down to only $6.2 million, one billion dollars less than in 1987. In Libyan Arab Jamahiriya, the combined effect of low prices and quotas has been to practically stop the growth of the economy. African oil production which stagnated in 1987 at around 241 million tons rose modestly in 1988 to an estimated 246.4 million tons, while in non-OPEC countries production increased by 2.7 per cent to 87.7 million tons, representing 35.5 per cent of total developing Africa production. The most notable developments were the continuing strong rise of production in Angola, which, with 23.3 million tons, is now the fifth African producer, and coming into the stream of new fields are Gabon and Congo. In Gabon, oil production had dropped in 1987 to 7.7 million tons, and it recovered to 8.04 million tons in 1988, with prospects of even higher production in the near future from the new Rabi Kounga field. In contrast, Cameroon production continued to decline and fell to 7.3 million tons compared to a high of 9.2 million tons in 1985. The details of production between 1984 and 1988 in the four African OPEC countries and the eight non-OPEC countries are given in Table V.

Table V.

Oil Production in developing Africa, 1984-188

(millions of tons)

	1984	1985	1986	1987	1988
Algeria	35.20	34.00	30.10	32.00	31.60
Gabon	8.73	8.63	8.30	7.73	8.04
Libyan Arab Jamahiriya	50.00	50.60	52.00	49.00	50.80
Nigeria	69.40	75.00	74.00	67.00	68.30
OPEC	163.33	168.23	164.40	155.73	158.74
Angola	10.40	11.70	14.20	18.10	23.20
Cameroon	7.80	9.20	8.90	8.30	7.80
Congo	6.00	5.80	5.96	6.30	7.10
Cote d'Ivoire	1.12	1.08	0.86	0.75	0.66
Egypt	41.20	44.30	40.20	45.20	42.60
Ghana	0.10	0.10	0.10	0.10	0.10
Tunisia	5.49	5.40	5.25	4.99	4.80
Zaire	1.62	1.69	1.64	1.59	1.41
Non-OPEC	73.73	79.27	77.11	85.33	87.66
Total	237.06	247.50	241.51	241.06	246.40

Source: Mining Annual Review 1988 (London Mining Journal, 1987); Monthly Bulletin of Statistics and ECA secretariat.

33. The low prices of oil have created special problems for Algeria which is increasingly relying on condensates, natural gas and refined petroleum products which are not subject to OPEC quotas. Algeria's gas customers have been requesting reductions in their off take of Algerian gas, as well as reductions in prices, in line with crude oil. On energy equivalent basis, the price of gas could be less than $2 per million BTU. However, at the end of January, Algeria was able to sign a new contract with one of its main customers, Gaz de France, which was paying $1.30-1.97 per million BTU instead of the $2.30 contracted.

34. Metal prices rose sharply during 1988 as can be seen from Table VI. Copper ended the year at nearly $1.6 per pound, and on average the price rose by 45.9 per cent compared to 1987. Aluminum prices increased even more, by 62.7 per cent. Nickel prices more than doubled, rising by, 182.6 per cent in 1988. Diamond sales

were very buoyant, and prices were increased by 13.5 per cent in May 1988 after a 10 per cent rise in 1987. Gold prices, however, fell, but by a small margin of 1.8 per cent and bauxite prices have remained constant. Iron ore prices have risen by nearly 4 per cent on international markets, but one big African producer, Mauritania, has had to cut its export price by 4 per cent in 1988, though its iron ore exports have grown by 7 per cent in volume.

Table VI
Mineral prices 1984-1988
(US dollars per unit)

	Unit	1984	1985	1986	1987	1988
Aluminum	lb	0.57	0.47	0.52	0.71	1.16
Cobalt	lb	12.50	12.50	11.70	11.70	7.00
Copper	lb	0.62	0.64	0.62	0.81	1.18
Nickel	lb	2.16	2.22	1.76	2.21	6.25
Bauxite	ton	164.95	164.28	164.85	164.76	164.76
Manganese	ton	143.21	141.01	140.83	131.50	134.00
Phosphate	ton	38.25	33.92	34.37	31.95	34.75
Gold	oz	360.36	317.18	367.68	444.50	437.48
Diamonds	ct	52.74	37.52	45.46	54.15	61.46
Iron ore	ton	23.11	22.66	21.89	22.23	23.12
Uranium	lb	31.11	32.20	30.00	36.67	37.76
Crude oil	bb	28.74	27.60	14.42	18.38	14.88
Natural gas	toe	144.02	144.53	132.45	93.77	99.95

Source: International Financial Statistics; Energy prices and taxes, Second quarter 1988 (OECD, Paris) and ECA secretariat.

35. Despite these developments, Zaire and Zambia, the largest African copper producers, were unable to take full advantage of the metals boom because of supply constraints. The mining sector as a whole recovered in 1988 with a value-added growth estimated at 4.7 per cent compared to a fall of 3.1 per cent in the preceding year. But oil is included in the figures, and there is as yet no estimate of mining production, excluding oil in 1988.

36. Coffee prices trends diverged for the Arabicas and Robustas brands. The prices of Arabica coffee increased by an average of 6.7 per cent in 1988, while Robustas prices dropped by 8.0 per cent. The agreement reached at the end of the year discriminated in favour of Arabicas, a damaging outcome for the majority of African coffee producers which are robusta producers. Moreover, the new agreement allocates new quotas in such a way that Robusta producers can benefit only if the differential between robusta and arabica indicator prices is less than 25 per cent. In these conditions in December, Kenya received a further 70,000 bags and Ethiopia 68,000 bags.

37. As already indicated, cocoa prices plummeted in 1988. Given the large imbalance between supply and demand, prices fell deeply and by the third quarter of 1988, they were 28.2 per cent below the 1987 average, at their lowest level since 6 years. Cote d'Ivoire did withdraw its production from the market, but without significant effect on prices. Ghana did lessen its losses by selling forward, but the gains were modest because the price fall affected futures markets also. Recent information does not give grounds to expect an improvement soon: Gill and Duffus now estimates that in 1988/89, world cocoa production will exceed consumption by some 199,000 tons.

38. Tea prices were weak, but Kenya tea prices which are at a premium, remained more or less stable, decreasing marginally by 0.4 per cent. Malawi was the main loser; its tea dropping in price by 5.1 per cent.

39. In contrast, sugar prices were extremely buoyant with an average increase of nearly 50 per cent on the free market, to more than 10 cents a pound while they had dropped to only 4 cents in 1985. The high prices were apparently the result of severe drought in the US during the summer of 1988, and sugar export quotas to the US were in fact raised for African exporters such as Malawi, Mauritius and Swaziland.

40. But cotton prices tumbled, and lost nearly 15 per cent on the Liverpool market. The fall badly hit such countries as Chad and Sudan where cotton is a major export product.

41. The picture of commodity prices in 1988 is therefore mixed, and despite the metals prices boom, many key export commodities recorded large declines which resulted in significant and sometimes considerable revenue losses for the countries concerned. An overall index, indicates in fact that overall export commodity prices fell in 1988 by an average 12.9 per cent.

V. TRADE AND RESOURCE FLOWS

42. World trade rose by 8.5 per cent in 1988, as industrial economies experienced one of their longest recovery periods on record. African trade, however, did not share in the boom. As Table VII shows, exports increased by 2.6 per cent only to $54.9 billion, compared to a rise of 8.7 per cent in 1987. In volume terms, the rise of exports was even more limited to 0.1 per cent. This disappointing performance was the result of the fall in the export earnings of oil which account for around 60 per cent of the total exports of developing Africa. In 1988, their earnings fell by 2.9 per cent as oil prices dropped by 19 per cent. On the import side, there was a rise of 8.2 per cent in value in 1988, but this was mainly due to import price increases, since in volume terms, imports increased by only 1.2 per cent.

43. The trade deficit of the region rose to $12.7 billion compared to $8.9 billion in 1987. African trade has been in deficit since 1980 and the cumulative deficit arising from the first round effects of the deterioration in the terms of trade has now grown to $57 billion, which translates into a loss of export earnings at an annual rate of 5.0 per cent.

Table VII

Merchandise trade of developing Africa, 1987-1989

(Annual percentage change)

	1987	1988a/	1989b/
Exports			
Value c/	8.7	2.6	7.9
Volume d/	-2.9	0.1	4.7
Unit value	11.5	2.5	3.1
Imports			
Value c/	3.3	8.2	7.1
Volume d/	-5.3	1.2	2.5
Unit value	8.6	7.0	4.7
Terms of trade	2.9	-4.5	-1.6
Purchasing power of exports	-1.0	-4.4	3.0

Source: ECA estimates based of the IMF, International Financial Statistics data tapes and national sources.

a/ Preliminary estimates
b/ Forecast
c/ In dollar terms
d/ At 1980 prices

44. Mainly because of the fall in oil prices in 1988, the terms of trade declined by 4.5 per cent in 1988, and the purchasing power of exports by 4.4 per cent. There was, during the year, substantial increases in the prices of some commodities exported by the region, mainly metals, but the fall in oil prices and agricultural commodities overshadowed these trends. The ECA index of wholesale commodity prices declined by 12.8 per cent, after a rise of 20.8 per cent in 1987.

45. There was no significant change in the structure of African trade in 1988, apart from the fact that the fall of oil prices has reduced the share of mineral fuels in total exports. In 1986, the last year for which complete data are available for trade by commodities, primary commodities accounted for 85.5 per cent of the

total exports, while manufactured goods represented only 14.5 per cent. Apart from mineral fuels, food and beverages are the most important item in African exports. The region's main imports are manufactured goods, which represent 70.1 per cent of total imports, followed by foods and beverages which account for 16.5 per cent. Many countries in the region are net food importers, particularly countries in the North African region, which are heavily dependent on cereal imports. For the 1988/89 season, Egypt alone has imported nearly 6.2 million tons of wheat and coarse grains, nearly a third of total African cereal imports. Moreover because of drought, both Tunisia and Algeria sharply increased imports in 1988.

Table VIII

Wholesale price indices for commodities, 1986-1988

(1980=100)

Commodity	Price basis	1986	1987	1988
Petroleum	North Sea Brent	45.5	58.0	46.9
Coffee	Uganda (New York)	100.7	69.6	64.2
Cocoa	Ghana (London)	78.1	74.2	63.7
Cotton	Egypt (Liverpool)	103.3	106.2	137.0
Groundnuts	Nigeria (London)	198.5	192.1	401.7
Tea	Average auction price (London)	86.6	76.8	78.9
Sugar	(EEC, London)	84.3	94.8	102.9
Logs	Malaysia (Tokyo)	77.4	113.3	119.3
Phosphates	Morocco (Casablanca)	73.6	68.4	77.1
Iron ore	Brazil (North Sea ports)	80.3	81.6	83.9
Copper	(London)	62.7	81.5	114.7
ECA commodity price index		51.5	62.2	54.2

Source: IMF, International Financial Statistics data tapes and ECA estimates. For petroleum prices, The Economist, London.

46. The developed market economies remain the main trade partners of developing Africa, supplying in 1987, 74.3 per cent of imports, and buying 81.0 per cent of exports. Trade with other economic groupings remained relatively small, particularly trade with other developing countries. However, there is a significant increase in

imports from Asian countries, especially from the newly industrialised ones like Korea, Taiwan and Singapore. These countries appear to play an increasing role as suppliers of manufactured goods. Intra-African trade, on the other hand, remains depressed at around 4 per cent of total trade.

47. Given the overwhelming share of OECD countries in African trade, the inception in 1992 of a unified European market is a matter of crucial importance for African countries. In the framework of the negotiations for the Fourth EEC/ACP Convention now under way, the EEC has given assurances to ACP countries about their future access to EEC markets, but as yet, there is no specific measure or guarantee on this point. In the mid-term review of Uruguay round of negotiations held in Montreal, Canada, in December 1988, agreement was reached on proposals to lower trade barriers on tropical products. But the agreement was linked by the United States to an accord on agricultural trade with EEC, particularly on the problem of protection and subsidies.

48. The widening of Africa's trade deficit resulted in a significant worsening of the current account in 1988. On f.o.b. basis, the trade deficit rose to $2.5 billion, compared to a surplus of $600 million in 1987. With a deficit of $16.7 billion on the service account, and private transfers remaining practically unchanged, the current account deficit excluding official transfers has risen to $13.5 billion in 1988 from $9.7 billion in 1987. If official transfers are included, the deficit on current account will be about $10.2 billion in 1988 as compared to $7.2 billion in 1987. In GDP terms, the deficit has thus reached 3.5 per cent of GDP in 1988, compared to only 2.5 per cent in 1987.

49. The capital account movements are difficult to interpret given the imprecision of data and the lack of information on many items. It is clear, however, that reserves have fallen sharply by at least $1.1 billion. Latest IMF data show a fall of nearly $2 billion.

Table IX

Resource Flows to Sub-Saharan Africa

1980, 1985-1987

(Billions of Dollars)

	1980	1985	1986	1987
Official development finance (ODF)	10.4	11.9	14.9	18.2
Official development assistance	8.7	10.6	12.9	14.6
Bilateral	6.2	7.3	8.9	..
Multilateral	2.5	3.3	4.0	..
Other ODF	1.7	1.3	2.0	3.6
Export credits	1.9	0.8	0.4	0.0
Private flows	2.8	2.2	2.2	2.3
Total flows	15.1	14.9	17.5	20.5
Memorandum item:				
Total flows at 1986 prices and exchange rates	17.3	18.3	17.5	17.9

Source: OECD, Financing and External Debt of Developing Countries, 1987 Survey, (Paris, 1988).

50. Available data on resource flows confirm that capital inflows have stagnated in real terms. According to OECD data for Sub-Saharan Africa, total resource flows, in nominal terms, to the region amounted to $20.5 billion dollars in 1987, 17.1 per cent more than in 1986. But in real terms (in 1986 prices), the rise drops to only 2.3 per cent and compared to 1985, there is a fall of 2.2 per cent. Looking at the structure of resource flows, it turns out that export credits have fallen drastically to a negligible level compared to 1.9 billion in 1980, and that private flows are, in 1987, lower than they were in 1980. It is mainly official development assistance which has increased along the

years, to represent 88.8 per cent of total flows in 1987 compared to 69 per cent in 1980. Such a development, though it means that resources are obtained on less onerous terms by Sub-Saharan countries, implies that significant investment resources are no more forthcoming, since a major share of official flows are not directly used for investment while the reverse is true for private flows.

VI. THE DEBT SITUATION

51. Africa's external debt position has worsened further in 1988 and is projected to become even more critical in 1989 and beyond. The stock of external debt outstanding rose sharply since 1980 to about US$230 billion in 1988. This figure amounts to 81.1 per cent of total regional GDP and accounts for about 314.2 per cent of exports of goods and services. Indeed, for some countries, such as the Gambia, Guinea Bissau, Mozambique, Somalia and Sudan, the ratio currently exceeds 1000 per cent. In the three years between 1985 and 1988, the debt stock increased by about $55.6 billion, amounting to a full year's earnings from exports.

52. Despite repeated rescheduling and the increased difficulties to obtain new loans, the volume of debt increased by about $10 billion in 1988 alone. This increase essentially reflects valuation effects associated with the continuing decline in the external value of the US dollars, the accumulation of arrears and the capitalization of interest rates as new lending increased only marginally. The continuing rise in the volume of debt and the debt ratio underscores the excessive burden imposed on African economies and their vulnerability to adverse external developments. The proper understanding of the African debt crisis, therefore, requires putting it in the framework of the concomitant adverse developments in commodity prices and resource flows and the on-going efforts of adjustment.

Table X

Developing Africa: External Debt and Debt Service

1985 - 1988

	1985	1986	1987	1988*
	Billions of Dollars			
Debt	174.4	190.0	220.3	230.0
of which				
North Africa	78.9	91.9	100.5	104.2
Sub-Saharan Africa	95.5	98.1	119.8	125.8
Debt Service	24.3	26.4	26.1	29.3
of which				
North Africa	12.3	12.7	12.0	12.4
Sub-Saharan Africa	12.0	13.7	14.1	16.9
Debt Burden				
Debt/GDP	52.6	62.2	71.0	81.1
Debt/Exports	205.2	289.6	308.5	314.2
Debt Service/Exports	28.6	40.2	36.8	40.0
Of which				
North Africa	29.9	49.7	39.2	40.1
Sub-Saharan Africa	27.3	36.2	34.6	40.0

<u>Source</u>: OECD, Financing and External Debt of Developing Countries, 1986 Survey (Paris, 1987);
OECD, External Debt Statistics (Paris, 1988);
IMF; World Economic Outlook (October, 1988);
World Bank <u>World Debt Tables</u>, 1988-1989 Edition;
<u>African Economic Deficit</u>, Issues; and
ECA Secretariat

* Preliminary estimates

53. The debt burden, in terms of scheduled or actual debt service obligations, has also increased. Many countries are presently suffering the double squeeze of rising debt service obligations and collapsing export prices. Scheduled debt is estimated to have risen from $26.1 billion in 1987 to $29.3 billion in 1988, amounting to about 40 per cent of the region export earnings. Rising debt service obligations coincided with the erosion of the region's capacity to service its debt as the prices of and demand for its exports continued to weaken and its terms of trade deteriorated. Recent reschedulings and the tendency of a growing number of countries to accumulate arrears has, however, kept actual debt service ratio well below its scheduled levels. This gap between obligations and actual capacity to service debts reflected in the rising volume of arrears - is putting further strains on the recovery efforts. Arrears owed to multilateral institutions, i.e. the IMF and the World Bank and to the commercial banks are blocking new commitments and, eventually, disbursements from these sources and, as such, constitute major impediments for African countries.

54. A number of measures and initiatives have been taken or proposed recently to alleviate the debt burden. Although they provide temporary relief, these measures have merely postponed payments and have led to the capitalization of interest rates at market prices which will eventually result in a further build-up of the debt stock.

55. The more recent initiatives on debt from both creditor and debtor countries reflect the growing concern over the detrimental impact of the present debt crisis. In this regard, the Toronto Communique of the Summit meeting in June 1988 of the major industrialized countries, was eventful in its recognition of the generalized nature of the debt problem of the poor nations, particularly in Africa, and because of its encouragement of increased flexibility in debt rescheduling arrangements and its call for enhanced levels of concessionary support. This led to the adoption of a menu of options for debt rescheduling through the Paris Club which includes the cancellation of up to one-third of the debt service during a consolidation period and the restructuring of the remainder at market rates over a long period; reduction of interest rates; and, longer repayment terms. African countries on their part have continued to press on for the adoption of a regional approach to the debt issue through the holding of an international conference on African debt as their problems have a common nature. The contention is that the case-by-case approach favoured by the creditors have so far failed to appreciate these commonalities of circumstances and problems and has further constrained the maneuverability and capacity of African countries to grow out of the debt problem by linking debt relief to the adoption of orthodox adjustment programmes.

VII. THE SOCIAL SITUATION

56. The inadequacies of past development policies in Africa with their built-in social inequities and the pressures of recession, debt and drought bequeathed to the second half of the 1980s an extremely difficult social situation. This was manifested in sharp falls in living standards,incomes,employment levels, health, nutritional and educational standards. By 1987-1988 poverty had become widespread in both the urban and rural areas of the region affecting between 50 and 75 per cent of the population. In many instances, these adverse social conditions were aggravated by the stabilization and structural adjustment programmes adopted by African countries to restore financial balance and macro-economic equilibrium.

57. As already noted, the African economy performed poorly at 0.7 per cent in 1987 and the provisional estimate of 2.3 per cent growth of GDP in 1988 is hardly indicative of even minimal well-being for the majority of the population that is still growing at an annual average of 3 per cent. Inflation which rose from an estimated 15.7 per cent in 1987 to an estimated 21.3 per cent in 1988 has placed imported consumer goods and services beyond the reach of most citizens. Renewed drought, flooding and civil strife in countries such as Ethiopia, Sudan, Mozambique and Angola have created precarious food situations and millions of refugees and displaced persons. As a result, food aid has remained a necessity to avert hunger and mitigate human misery.

58. A most disturbing feature of the critical social situation was the inability of many households and individuals to meet their basic food needs. This was due mainly to the severe declines in incomes. The region's per capita income declined at an annual average rate of 3.4 per cent between 1980 and 1986, but real wages fell even more sharply at an average of 19 per cent in the same period. For the poor wage earner, there was no meaningful relationship between the minimum wage and his or her command over basic food and services. For example, in Zambia in 1985 the minimum monthly subsistence budget (or poverty datum line) for a family of 5 was about Kwacha 300 or almost twice the average wage. In the middle of 1988 Ghana's minimum wage of Cedis 116 could not buy one tuber of yam, a starchy local staple. The social costs of economic reforms in Mozambique included huge price increases in mid-1988 so that an average urban family had to spend an extra 4900 meticals to meet its basic needs while the minimum wage was only 6750 meticals. In such circumstances, nearly all classes of salaried workers and wage earners had to undertake secondary activities in the informal sector to supplement their incomes. This increased worker inefficiency and intensified corruption in the public services in many countries.

59. Not only did the quality of employment and services deteriorate but the quantum of productive employment also declined in the 1980s. Whereas total employment was estimated to have increased by 2.0 per cent per year in the 1970s, it declined by some 16 per cent between 1980 and 1987. Economic crisis and structural adjustment not only forced a reduction in development investment and, therefore,employment opportunities; they also resulted in employment freezes and widespread retrenchment of workers. Thus, the African region lost an estimated 1.5 million new permanent jobs per year from 1985 to 1987 and had to cope with some 3 million redundancies. Admittedly, the retrenchment exercises in many countries were necessary to tackle a long-standing problem of overgrown public services filled with inefficient or ghost employees. However, this problem can be solved effectively only by carefully planned measures of layoff and re-absorption. Otherwise, the social consequences could be disastrous. For instance,most of the "excess" employees removed from government payrolls were of the lower echelons who were least equipped to find alternative employment. Consequently, in their tens of thousands, they added to the growing crisis of open and disguised unemployment. With the labour force in Sub-Saharan Africa growing at a rate of 2.7 per cent per year, 22 million persons (40 per cent of the labour force) were estimated to be unemployed in 1985, while the underemployed were estimated at 95 million.

60. Available data reveal the alarming situation of youth unemployment. Although the population between 15 and 24 years constitutes only 30 per cent of the total population,it accounted for 65 to 75 per cent of the unemployed by 1987. Growing numbers of women are also facing unemployment in the formal sector. ILO/JASPA studies show that women in that sector have at least twice as many chances of being laid off as men. Such trends, if continued,can have serious social implications for the welfare of children and households. Educated unemployment is yet another feature of the current unemployment situation and it reflects nearly three decades of imbalance between the output of the educational systems and manpower demand in Africa. By 1987 there were some 4 to 5 million jobless educated persons in the region. Paradoxically, several countries with high graduate unemployment employed large numbers of expensive expatriate manpower in many sectors of their economies. In 1988, it was estimated that some 80,000 expatriate technical assistance personnel worked in the public and parastatal sectors of 40 sub-Saharan African countries at a cost of at least $4 billion. Such contradictory trends clearly reflect poor human resources planning,development and utilization as well as the conditionalities and interests of donor assistance, especially under structural adjustment. The effects on the morale and motivation of qualified and experienced Africans have been disastrous and have fuelled the brain drain which might have reached 30,000 in the period of 1984-1987 alone.

61. Social crises were marked in the areas of health, nutrition, housing and education in the mid-1980s. The tensions of skewed and unequal patterns of distribution of social services were aggravated by drastic and disproportionate budget cuts in the social sector. For the region as a whole, the share of health and education in government expenditure fell from 25.2 per cent in 1986 to 23.1 per cent in 1987. It was expected to fall further in 1988 to 19 per cent. In Madagascar, Senegal and Somalia per capita social expenditure fell by 44, 48 and 62 per cent respectively between 1980 and 1986. The expenditure cuts were mainly in non-labour costs and affected imported drugs, equipment, books, supplies and transport. This meant that the health and educational personnel who remained in their posts had barely adequate means to perform their functions. They were further demoralised by the severe reduction of their purchasing power due to the adverse effects of inflation and higher consumer prices on their already low salaries.

62. Meanwhile, the health, educational and other social conditions of the majority of the population, particularly the poor, had deteriorated. This was reflected, for instance, in the average life expectancy which remained a low 51 years in 1988, and in infant mortality rates of over 100 per 1000 live births which were recorded for three out of the five subregions; namely, West, Central and East Africa. Malnutrition, low birth weight and preventable diseases ravaged many countries. By 1988, epidemics of cholera,yellow fever,malaria and meningitis had hit 32 African countries including Ethiopia, Mali, Mauritania, Nigeria, Sudan, Tanzania, Uganda and Zaire. The new threat to health and socio-economic life, AIDS, had also reached a total of nearly 8000 reported cases in 36 countries by 1987. Poor conditions of housing, water supply and sanitation in both rural and urban areas also caused social strains and health problems. They reinforced the strong trends of rural-urban migration and rapid urbanization resulting in terrible urban overcrowding and a massive growth of slums in inner cities and periurban areas. The appalling social conditions led to growing social disorders including crime, drug trafficking and abuse and various forms of social violence.

63. In many respects the above social conditions reflect an erosion of previous gains. This trend was seen most clearly in the field of education. In 1984 as much as 40 per cent of school age children did not attend school and drop-out rates and class repetitions increased. The annual growth in total school enrollment was 3.9 per cent in 1980-1987, compared with 8.1 per cent in 1970-1980. Although 40 per cent of African countries had achieved literacy rates between 52 and 84 per cent by 1986, some of the poorest LDCs including Benin, Burkina Faso, Chad, Gambia, Mali and Somalia had rates ranging between 6 and 16 per cent. The effects of stagnation in education and retrogression in human capital stock formation have hit the poorer strata hardest because of the built-in inequalities and elitism of the educational systems.

64. While economic reforms and adjustment have been accepted by most governments as pre-requisites for self-sustained development, several have taken initiatives and concrete actions either to mitigate their social impact or to protect human resources during the processes. In Algeria, the national development plan of 1985-1989 raised the share of social sector investment in total expenditure to 32 per cent, making it second only to industry which has a 38 per cent share. Far-reaching reforms and spending cuts were made in 1987-1988 in all ministries except that of health and the salaries of lower paid workers were increased. In Tunisia, the government's new liberalization and other economic reforms provide for the creation of new jobs and other measures to protect the income of the poor. Ghana's Programme of Actions to Mitigate the Social Costs of Adjustment (PAMSCAD) adopted in 1987 is attempting to deal with the dramatic social consequences of the country's otherwise successful adjustment programme. The PAMSCAD incorporates job training and placement for some of the 45,000 retrenched public workers as well as health provisions for school children and income-generating projects for women and disadvantaged communities. Nigeria has established a new Directorate of Employment with a National Open Apprenticeship Programme which served some 100,000 school-leavers in 1987-1988. In Cote d'Ivoire, a new framework for development has emphasized,among others, informal sector development,improvement in education and training.

65. The above initiatives and others show that the present social challenges require fundamental rethinking and action regarding the planning of Africa's development. The attainment of sustainable development depend critically on the health, nutrition, education and productive employment of the majority of the population who are presently poor, ill-fed, and illiterate. Therefore, considerations of equity, justice and participation must be explicitly made in development planning. Also, the effective involvement of social sector ministries and departments as well as local voluntary development organizations in the formulation of economic reform and adjustment policies is of crucial importance. So far structural adjustment programmes advocated by the IMF and World Bank have been designed and managed as specialist activities of ministries of finance and economic planning, supported by large teams of foreign experts. This may well have contributed to the narrow economic focus of the programmes and their neglect of the social concerns. Future efforts must correct this conceptual and planning imbalance.

VIII. OUTLOOK, 1989

66. The region's economic fortunes will evidently depend in 1989 on both external and internal factors, the most important among them being the weather. Considering external factors, there is first of all the overall economic conditions in the industrial countries, which are the main trading partners of the region, and its main source of finance. Most forecasts indicate that growth will slow down in 1989 in major OECD economies, after the strong expansion of 1987. If this was to happen, there would be even a lower level of demand in the world economy and trade would suffer. Although such effects require time to be fully felt, and it has to be noted that even the expansion of 1987 in industrialised countries was not very stimulative for developing countries in general and African economies in particular.

67. There are other factors, however, in the world economy of key importance to Africa. The likely price level of oil is one of these. On the basis of recent trends, it seems that OPEC has succeeded in stabilizing the price of oil over $16 a barrel, and it appears that average oil prices could be in the vicinity of $17 a barrel in 1989. For other commodities the outlook is mixed. A slow down in OECD economies could reverse the trend observed in 1988 in metal prices. For beverages, the situation is likely to be aggravated since demand for them is already sluggish and the markets characterized by large imbalances between supply and demand. Cocoa is unlikely to recover the ground lost in 1988. For coffee, changes observed in the two first months of 1989 show prices floundering. Thus, for beverages, the outlook is not favourable.

68. Interest rates are currently under pressure, as the fiscal deficit of the United States remains an unsolved issue. To finance the deficit, the United States Treasury has to keep interest rates at a remunerative level. This means that as inflationary pressures increase, interest rates have also to be raised to control demand. Such trends could produce a recession in the industrialised economies through their effects on investment and they would immediately hurt African countries, because of their impact on debt service, presently running at more than $20 billion, with scheduled debt service being in fact higher.

69. With debt, comes the associated issue of resource flows. From available evidence, resource flows to African countries have at best been stagnant in real terms and may have in fact fallen. Private investment flows and bank lending have been reduced to a trickle, and official flows, particularly ODA, are now preeminent, and are increasingly tied to stiffer conditionalities and specific

policy reforms. But further development in Africa will require increased investment finance from the industrialised countries, and to obtain this, reducing debt service to a manageable level is imperative.

70. Internally, provided that the weather pattern remains favourable in 1989, the agricultural sector should continue to make progress and improve on its 1988 performance. It is reasonable tc assume that the present policies will be adhered to, and that further strides will also be made in rehabilitating the industrial sector, through improved management and a better environment in terms of prices and taxes. There are also indications that investment may improve in 1989, though only modestly, and, that, in any case, allocation of investment and resource use in general will be more efficient than in the recent past.

72. In preparing the forecasts for 1989, the following assumptions have been made:

(a) Good weather conditions will prevail during 1989;

(b) There will be some increase in productive investment;

(c) Present policy stances in African countries will be reinforced;

(d) Present debt initiatives will result in a reduction of the debt service burden;

(e) Oil prices will firm up and remain stable at an average of $17 a barrel;

(f) There will not be a recession in industrialized countries, particularly in the OECD group.

73. On the basis of the above considerations and assumptions, and, given the recent trends in the African economy, it is forecast that output will grow by about 2.9 per cent in 1989, or just below population growth rate(Table III). The main impetus will arise from the growth of the agricultural sector and manufacturing sector, as the mining sector is expected to stagnate. Agriculture is forecast to grow by a strong 4.1 per cent while manufacturing will grow by 7.2 per cent. Domestic demand is forecast to rise by about 3.3 per cent with investment growing by 1.5 per cent. Exports of goods and services will be affected by the restriction on oil production, in line with OPEC quota, and will grow by only 0.8 per cent. Imports however will rise by about 1.9 per cent.

74. Subregionwise, in North Africa, output growth is expected to reach 3.4 per cent, one percentage point more than in 1988, while in Sub-Saharan Africa, it is projected at 2.7 per cent. Excluding

Nigeria, sub-Saharan countries may achieve a growth rate of output of 2.9 per cent.

75. These forecasts are optimistic no doubt given the grim record of the last 10 years or so. The economic conditions in some countries do indeed suggest that considerable difficulties lie ahead and that growth prospects could be dim rather than bright. In the case of Nigeria, for example, there are considerable misgivings as to whether the country will be in a position to achieve the objectives set out in its 1989 budget. After the introduction of its new exchange rate system, under which the two exchange rate markets have been merged, the naira fell by a large margin and some forecasts predict a rate of N8 to N9 to a dollar in 1989. Such a rate would raise government receipts by as much as 60 per cent, but would also considerably raise interest rates charges which could treble from the budgeted N8.8 billion to some N25 billion. This would jeopardize the whole scenario established by the government, which faces otherwise strong popular pressures on the social impact of the adjustment programme. Also for a country like Cote d'Ivoire, prospects in 1989 remain grim, as the cocoa market does not show any sign of recovery and debt service is likely to rise to $1.7 billion, eating deeply into investment resources. The economy is forecast to grow by 2.0 per cent in 1989, but this will be mainly due to the performance of the agricultural sector. In Southern Africa, Zimbabwe's economy is reported to have grown by nearly 6 per cent in 1988. Such a rate is unlikely to be reached in 1989, if only because agriculture is not expected to repeat its 1988 performance. Moreover, industry is seriously affected by import compression and, if import allocations are not increased, GDP growth could fall to a low level of 2 per cent as against a current forecast of 3.5 per cent.

76. Thus, if adverse conditions were to prevail in 1989, which could be a combination of bad or poor weather, for example, in the Sahel and Southern Africa, and a recession, or a slump in the industrialised countries, which would mean falling commodity prices, higher interest rates and dearer imports, economic growth would be choked by the combined effects of lower agricultural production, lower exports and higher debt service payments, all of which seem to squeeze imports, curtail investment and depress incomes. The growth rate of output would, in these conditions, fall sharply and may become even negative. Such a prospect clearly shows how urgent it is to tackle the region's development constraints, such as the debt service burden, and, in this respect, intensified cooperation between donor and creditor countries in finding permanent solutions to the debt problem, instead of the present rolling over of the debt through multiple reschedulings.

STATISTICAL

ANNEX

Table 1. Basic Indicators

Sub-region / Country	Population (thousand mid 1987)	GDP per capita in U.S. dollars 1987	Average annual growth rate of consumer price index 1983-87	1987-88
NORTH AFRICA	132,000	1,125	...	...
Algeria	23,744	2,798	9.1	...
Egypt	50,740	533	17.6	16.2
Libyan Arab Jamahiriya	4,029	6,271	...	...
Morocco	23,054	610	7.8	...
Sudan	22,963	317	30.2	51.3
Tunisia	7,470	1,120	7.3	...
WEST AFRICA	179,918	506	...	...
Benin	4,254	378	...	...
Burkina Faso	7,474	153	1.4	...
Cape Verde	353	262	7.9	...
Cote d'Ivoire	10,871	712	5.8	6.2
Gambia	777	245	30.2	10.9
Ghana	13,468	377	28.6	26.5
Guinea	6,379	334	...	...
Guinea-Bissau	893	178	...	...
Liberia	2,326	430	2.3	8.5
Mali	8,524	144	0.4	...
Mauritania	1,856	455	...	1.0
Niger	6,899	270	-0.8	0.0
Nigeria	101,952	625	14.9	...
Senegal	6,926	370	6.6	-2.1
Sierra Leone	3,797	238	89.4	...
Togo	3,169	250	-0.3	...
CENTRAL AFRICA	66,834	385	...	...
Burundi	4,910	231	6.6	4.2
Camroon	10,743	870	3.7	...
Central African Republic	2,818	272	1.9	-3.9
Chad	5,308	142	1.7	14.2
Congo	2,086	1,032	5.6	...
Equatorial Guinea	429	200	...	...
Gabon	1,381	3,128	4.7	-4.8
Rwanda	6,552	290	2.7	2.7
Sao Tome and Principe	114	315	...	...
Zaire	32,493	161	51.5	52.3
EAST AND SOUTHERN AFRICA	178,200	279	...	...
Angola	9,163	644	...	...
Botswana	1,167	845	9.1	6.8
Comoros	439	390	...	...
Djibouti 1)	383	952	8.1	...
Ethiopia	45,846	117	3.9	4.1
Kenya	21,977	351	9.1	7.7
Lesotho	1,583	226	14.4	7.5
Madagascar	10,568	255	12.6	24.8
Malawi	7,495	160	17.7	26.9
Mauritius	1,057	1,280	4.2	9.5
Mozambique	14,548	210	...	...
Seychelles	67	2,635	1.7	2.4
Somalia	6,235	242	46.4	45.5
Swaziland	798	691	14.3	9.8
Tanzania, United Republic of	24,181	240	31.9	...
Uganda	16,793	242	234.2	261.1
Zambia	7,185	320	35.9	...
Zimbabwe	8,715	696	12.9	4.5
TOTAL AFRICA	556,952	565	...	...

1) Average annual growth rate of consumer price index for Djibouti refers to 1984-1987

Table 2. Agricultural indicators

Sub-region / Country	Arable land (ha per capita) 1987	Value added in agriculture (million of 1980 US $) 1987	Average index of food production per capita) (1979/81=100) 1983-87	Production of cereals, roots and plantains (kg of cereal equivalent per capita) 1987	Cereal imports (kg per capita) 1987
NORTH AFRICA	0.278	17462	...	174	142
Algeria	0.314	3421	99.11	88	161
Egypt	0.048	6100	106.66	184	184
Libyan Arab Jamahiriya	0.477	919	124.15	73	354
Morocco	0.358	2901	103.08	188	98
Sudan	0.573	2400	92.09	70	31
Tunisia	0.475	1722	106.72	259	157
WEST AFRICA	0.313	37615	...	122	19
Benin	0.347	426	107.86	94	18
Burkina Faso	0.369	621	109.21	219	22
Cape Verde	0.107	36	98.27	59	154
Cote d'Ivoire	0.284	3953	102.09	99	62
Gambia	0.221	116	113.37	202	90
Ghana	0.088	8474	103.14	68	17
Guinea	0.247	677	93.39	98	32
Guinea-Bissau	0.338	89	125.59	241	36
Liberia	0.058	135	97.02	120	50
Mali	0.256	942	100.67	174	10
Mauritania	0.110	182	87.16	58	111
Niger	0.575	892	85.53	212	12
Nigeria	0.300	19726	101.48	117	7
Senegal	0.795	671	103.07	152	62
Sierra Leone	0.446	379	99.50	136	40
Togo	0.455	296	87.98	116	27
CENTRAL AFRICA	0.315	6586	...	54	15
Burundi	0.241	663	98.45	95	3
Camroon	0.581	2314	95.61	84	27
Central African Republic	0.707	391	90.47	46	13
Chad	0.623	352	99.73	116	13
Congo	0.331	142	92.84	5	47
Equatorial Guinea	0.316	17	...	-	18
Gabon	0.219	238	98.76	8	41
Rwanda	0.118	535	88.69	49	2
Sao Tome and Principe	0.009	7	72.89	9	61
Zaire	0.196	1926	99.47	36	13
EAST AND SOUTHERN AFRICA	0.273	13837	...	120	17
Angola	0.339	1519	90.26	41	31
Botswana	1.252	102	77.04	18	118
Comoros	0.184	70	99.95	52	42
Djibouti	0.017	14	...	-	106
Ethiopia	0.304	1774	88.54	114	13
Kenya	0.093	2071	90.41	118	12
Lesotho	0.199	93	81.84	92	59
Madagascar	0.253	1297	98.86	231	13
Malawi	0.335	433	89.07	186	1
Mauritius	0.098	200	100.79	9	186
Mozambique	0.207	514	85.41	35	28
Seychelles	0.015	15	...	-	107
Somalia	0.176	550	97.35	108	55
Swaziland	0.237	143	103.05	123	55
Tanzania, United Republic of	0.184	1731	91.51	165	8
Uganda	0.312	1916	95.59	73	2
Zambia	0.784	645	95.42	156	21
Zimbabwe	0.326	749	82.88	168	8
TOTAL AFRICA	0.292	75501	...	125	47

Table 3. Production and Consumption of selected Energy Commodities

Sub-region / Country	Electricity production (Million kWh) 1986	Commercial Energy Consumption Per capita (gigajoules) 1986	Total (Thousand terajoules) 1986	Total Energy requirement 1986
NORTH AFRICA	59256	196	2627	3024
Algeria	12746	37	836	858
Egypt	25100	21	988	1117
Libyan Arab Jamahiriya	9000	106	395	400
Morocco	7156	9	213	231
Sudan	1052	2	44	241
Tunisia	4202	21	151	177
WEST AFRICA	18366	40	698	2216
Benin	5	1	6	48
Burkina Faso	123	1	6	71
Cape Verde	28	0	0	0
Cote d'Ivoire	1817	5	63	159
Gambia	42	3	2	10
Ghana	3749	3	39	152
Guinea	497	2	14	53
Guinea-Bissau	14	1	1	5
Liberia	819	4	10	51
Mali	172	1	6	52
Mauritania	92	4	8	8
Niger	156	2	10	47
Nigeria	9875	5	495	1401
Senegal	758	4	26	65
Sierra Leone	184	2	7	83
Togo	35	2	5	11
CENTRAL AFRICA	8450	61	223	863
Burundi	2	0	2	39
Camroon	2385	9	88	201
Central African Republic	93	1	2	31
Chad	51	1	3	34
Congo	235	13	23	42
Equatorial Guinea	16	2	1	5
Gabon	867	32	37	67
Rwanda	170	1	6	63
Sao Tome and Principe	12	0	0	
Zaire	4619	2	61	381
EAST AND SOUTHERN AFRICA	25918	88	433	2146
Angola	1790	3	27	79
Botswana	597			
Comoros	12	2	1	1
Djibouti	165	8	3	3
Ethiopia	802	1	25	397
Kenya	2500	2	49	384
Lesotho	2			
Madagascar	500	1	11	77
Malawi	528	1	9	77
Mauritius	518	12	13	32
Mozambique	497	1	13	153
Seychelles	66	25	2	2
Somalia	143	3	15	59
Swaziland	174			
Tanzania, United Republic of	880	1	26	252
Uganda	656	1	13	128
Zambia	10100	8	57	236
Zimbabwe	5988	19	169	266
TOTAL AFRICA	111990	385	3981	8249

Table 4. Merchandise Trade: Value, Average Growth Rate, and Terms of Trade

Sub-region, country	Total trade (Million US dollars)						Average annual Growth rate (Percent)		Terms of Trade 1980 = 100	
	Exports		Imports		Balance		Exports	Imports		
	1983	1987	1983	1987	1983	1987	1983-87	1983-87	1983	1987
NORTH AFRICA	29807	25700	36195	36578	-6388	-9878	-5.4	-.7	94	
Algeria	11163	9714	10295	7740	768	1974	-6.7	-6.7	100	
Egypt	3215	4352	10367	16226	-7152	-11874	5.5	10.1	102	
Libyan Arab Jamahiriya	10958	7227	7370	4684	3588	2543	-12.8	-12.3	97	
Morocco	2062	2857	3599	4229	-1537	-1422	8.5	3.0	88	
Sudan	535	457	1354	676	-816	-219	-9.2	-14.5	84	
Tunisia	1871	2143	3109	3023	-1238	-880	2.5	-1.3	103	
WEST AFRICA	18220	13761	18029	11555	191	2206	-5.4	-8.9	68	
Benin	67	113	294	370	-227	-257	5.7	12.8	98	
Burkina Faso	57	88	288	294	-231	-206	9.6	5.3	112	
Cape Verde	3	8	80	100	-77	-92	30.4	5.1	0	
Cote d'Ivoire	2067	2675	1809	2227	253	438	7.6	6.9	67	
Gambia	48	64	115	157	-67	-93	5.9	5.6	89	
Ghana	2964	897	3195	905	-231	-8	-18.0	-20.1	51	
Guinea	351	488	251	435	100	53	9.2	18.5	0	
Guinea-Bissau	25	3	118	97	-93	-89	-24.7	-10.9	0	
Liberia	428	382	412	308	16	74	-3.3	-9.7	98	
Mali	167	62	344	439	-177	-377	-16.0	5.5	111	
Mauritania	305	417	248	382	57	35	8.2	9.6	104	
Niger	299	443	324	269	-25	174	4.1	-.9	83	
Nigeria	10642	7583	9062	3917	1580	3466	-12.2	-17.7	96	
Senegal	543	598	1039	1013	-496	-615	-7.0	-2.4	119	
Sierra Leone	92	132	166	130	-74	2	7.3	-6.3	109	
Togo	162	203	284	502	-122	-299	3.3	9.9	88	
CENTRAL AFRICA	5037	4693	3897	4657	1140	36	-5.4	6.9	99	
Burundi	88	84	183	212	-95	-128	4.1	3.8	0	
Cameroon	941	829	1202	1742	-261	-913	-3.7	12.7	74	
Central African Republic	81	97	85	112	-4	-15	8.1	17.5	91	
Chad	74	55	157	123	-83	-68	-8.1	-1.8	112	
Congo	640	1065	629	516	11	549	6.2	-4.2	105	
Equatorial Guinea	17	42	25	48	-8	-6	27.8	19.7	0	
Gabon	1975	1416	853	779	1122	637	-6.5	.9	103	
Rwanda	79	130	247	353	-168	-223	7.4	10.5	63	
Sao Tome and Principe	3	5	18	16	-10	-11	-18.4	-2.3	0	
Zaire	1134	970	498	756	636	214	-2.3	11.7	75	
EAST AND SOUTHERN AFRICA	8095	10125	10082	11305	-1987	-1180	-5.4	3.5	86	
Angola	1840	2349	693	1027	1147	1322	7.0	18.6	96	
Botswana	635	1521	753	849	-98	672	22.3	3.1	56	
Comoros	36	44	64	102	-28	-58	17.4	8.1	75	
Djibouti	11	7	221	201	-210	-194	-1.4	-8.8	0	
Ethiopia	403	411	876	981	-473	-570	1.7	4.0	88	
Kenya	983	961	1358	1756	-375	-795	.7	5.9	77	
Lesotho	30	25	544	400	-514	-375	-4.7	-8.1	0	
Madagascar	296	390	387	333	-91	57	4.5	-3.9	88	
Malawi	260	272	310	296	-50	-24	-1.5	-1.2	114	
Mauritius	361	934	442	1013	-81	-79	28.8	23.0	99	
Mozambique	132	172	636	563	-504	-391	3.0	-2.8	88	
Seychelles	20	21	88	106	-68	-85	-2.7	5.7	88	
Somalia	210	52	180	418	30	-366	-17.5	17.5	105	
Swaziland	288	311	545	365	-257	-54	-3.1	-9.8	0	
Tanzania, United Republic of	367	232	822	866	-455	-634	-9.4	1.6	91	
Uganda	372	354	428	396	-56	-42	-1.0	-4.4	54	
Zambia	825	719	703	491	122	228	-6.1	-6.[illegible]	85	
Zimbabwe	1026	1350	1052	1142	-26	208	6.0	1.9	104	
TOTAL AFRICA	61159	55279	68202	64095	-7043	-8816	-5.4	-1.4	86	

Table 5. External public debt and debt service ratio 1986

Sub-region / Country	External public debt outstanding and disbursed (Millions of US dollars)	External public debt outstanding and disbursed As percentage of GDP	Debt service as percentage of GDP	Debt service as percentage of Exports of goods and nonfactor services
NORTH AFRICA	...	...	...	...
Algeria	17,929	28.6	8.2	49.8
Egypt	28,556	84.6	5.8	37.3
Libyan Arab Jamahiriya	...	...	...	...
Morocco	17,900	122.0	10.0	40.9
Sudan	8,272	124.6	0.8	11.8
Tunisia	5,987	63.6	8.4	29.3
WEST AFRICA	49,709	52.2	3.5	18.5
Benin	890	68.8	4.4	19.8
Burkina Faso	665	53.5	2.8	10.1
Cape Verde	113	92.4	3.4	43.4
Cote d'Ivoire	10,865	110.3	8.0	18.5
Gambia	273	149.5	5.8	25.3
Ghana	2,385	34.4	1.3	8.4
Guinea	1,516	91.1	6.2	19.3
Guinea-Bissau	307	198.7	5.6	49.9
Liberia	1,303	166.0	3.5	6.2
Mali	1,716	111.5	2.3	14.4
Mauritania	1,761	229.0	10.0	17.4
Niger	1,459	63.2	4.0	13.5
Nigeria	21,826	34.8	2.6	20.5
Senegal	2,990	79.1	5.5	20.7
Sierra Leone	590	59.0	1.4	9.3
Togo	1,050	109.8	13.4	35.2
CENTRAL AFRICA	49,709	192.7	4.9	17.5
Burundi	551	43.7	2.5	20.0
Camroon	3,533	31.4	2.7	17.4
Central African Republic	453	43.4	1.7	7.7
Chad	187	20.5	0.3	1.8
Congo	3,524	181.4	16.0	38.4
Equatorial Guinea	152	128.6	3.8	10.9
Gabon	1,568	43.0	5.7	11.2
Rwanda	439	19.7	0.8	7.2
Sao Tome and Principe	75	148.8	3.6	9.3
Zaire	6,534	195.2	11.0	18.8
EAST AND SOUTHERN AFRICA	...	...	...	...
Angola	...	...	...	...
Botswana	358	47.3	5.9	10.0
Comoros	161	99.1	1.1	6.7
Djibouti	125	35.0	2.0	5.1
Ethiopia	2,139	39.1	3.2	25.9
Kenya	4,504	62.6	6.0	40.5
Lesotho	186	48.7	3.6	35.1
Madagascar	2,899	111.3	4.3	32.4
Malawi	1,114	93.0	9.0	36.1
Mauritius	644	53.2	5.3	9.0
Mozambique	...	...	...	...
Seychelles	106	55.5	4.7	7.9
Somalia	1,580	81.2	3.7	40.7
Swaziland	232	53.4	5.7	12.7
Tanzania, United Republic of	3,955	63.4	1.1	23.7
Uganda	1,193	29.8	0.7	5.5
Zambia	5,300	192.3	4.5	9.7
Zimbabwe	2,480	47.2	6.4	27.6
TOTAL AFRICA	...	...	...	...

Table 6. Social Indicators

Sub-region / Country	Literacy rate 1987	Students enrolled in first level of education total 1987	female % 1987	Crude death rate per thousand population 1987	Infant mortality rate 1987
NORTH AFRICA	46	16,708	41.6	10.5	86
Algeria	54	3,657	42.9	9.1	88
Egypt	47	6,671	40.4	9.8	85
Libyan Arab Jamahiriya	75	853	49.2	9.4	82
Morocco	36	2,271	39.5	9.5	82
Sudan	36	1,817	40.6	15.4	106
Tunisia	59	1,357	45.8	8.7	71
WEST AFRICA	40	22,099	42.8	16.8	113
Benin	27	446	34.1	19.4	110
Burkina Faso	16	436	36.9	18.6	139
Cape Verde	48	61	49.2	9.9	63
Cote d'Ivoire	47	1,311	42.0	14.3	100
Gambia	29	83	39.8	26.9	164
Ghana	56	1,441	44.0	13.4	90
Guinea	30	272	30.9	21.9	147
Guinea-Bissau	36	77	35.1	20.0	132
Liberia	37	319	40.1	15.6	122
Mali	19	293	37.2	20.8	169
Mauritania	31	164	39.0	19.2	127
Niger	18	300	36.7	20.9	135
Nigeria	48	15,264	44.0	15.7	105
Senegal	32	666	39.9	19.4	131
Sierra Leone	33	455	42.0	27.6	169
Togo	49	511	38.0	14.0	93
CENTRAL AFRICA	59	10,080	44.2	15.8	104
Burundi	36	518	43.1	17.4	114
Camroon	59	1,855	47.0	14.5	94
Central African Republic	43	279	39.1	20.1	132
Chad	26	322	27.0	19.9	132
Congo	66	515	48.9	17.2	73
Equatorial Guinea	40	78	48.7	19.4	127
Gabon	69	198	49.0	17.2	103
Rwanda	47	943	49.0	17.2	122
Sao Tome and Principe	62	16	50.0	7.9	48
Zaire	65	5,356	43.0	14.5	98
EAST AND SOUTHERN AFRICA	68	23,553	46.5	17.2	114
Angola	53	978	46.0	20.6	137
Botswana	81	249	51.8	11.3	67
Comoros	59	63	44.4	14.5	80
Djibouti	59	30	43.3	20.5	72
Ethiopia	67	2,588	39.0	22.3	149
Kenya	68	5,054	48.0	12.4	72
Lesotho	77	333	55.9	15.2	100
Madagascar	74	2,345	48.0	15.2	59
Malawi	43	1,002	43.0	20.0	150
Mauritius	86	144	49.3	5.8	23
Mozambique	48	1,264	44.0	18.4	141
Seychelles	74	15	46.7	7.0	30
Somalia	20	196	35.2	22.6	149
Swaziland	71	146	49.3	15.8	118
Tanzania, United Republic of	94	3,285	50.0	13.9	106
Uganda	60	2,077	44.0	15.4	103
Zambia	81	1,429	47.0	13.7	80
Zimbabwe	78	2,355	49.0	11.0	72
TOTAL AFRICA	52	71,920	43.5	15.1	101