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## "SURVEY OF ECONOMIC CONDITIONS IN AFRICA, 1970" (Summary)

### Introduction

1. The annual survey of economic conditions in Africa is becoming recognized as one of the more important means of focussing attention on the stage reached in the economic development of the Region, on growth trends, and possibly for indicating some of the problem areas which are holding up the rate of increase in real income per head.
2. The present Survey has a particular significance in that it covers the last few years of the 1960s and probably illustrates the economic development trends in Africa on the threshold of the Second Development Decade. Although there are numerous exceptions, in general most African countries were not near the average growth rate of 6 per cent a year which has been laid down for the development decade of the 1970s.
3. Out of the forty-six developing countries in Africa, only twenty achieved an average growth rate of 5.0 per cent or more a year between 1960 and 1969 and the totals for 1960 to 1965 and 1965 to 1969 were nineteen and eighteen respectively. The growth rate of 5.0 per cent was the target figure for the First Development Decade. In 1969 itself the average growth rate for Developing Africa was 3.8 per cent compared with 4.4 per cent per annum for 1960 to 1969 and the per capita growth rate was only 1.2 per cent. Amongst the forty-six countries covered in the analysis, sixteen achieved a growth rate of 5.0 per cent or more in 1969 and in eight others the growth rate was between 4.0 and 4.9 per cent. Whilst these twenty-four countries have probably a reasonable



chance of reaching the 6.0 per cent growth rate target for the Second Development Decade the remainder (nearly one-half) must expect serious difficulties unless their economic prospects can be significantly improved.

4. Other important measures of the degree of progress of Africa's developing countries are the level of total GDP and the per capital GDP. In 1969 there were twenty-one countries in which the total GDP was less than US\$300 million and, of these, five had a total GDP of less than US\$100 million. For the per capita figures fifteen countries had less than US\$100 per person, and in eighteen others the average was between US\$100 and 200. Economically Africa possesses many of the smallest and poorest countries of the world and growth problems are particularly acute in such countries.

5. On the expenditure side there is considerable evidence that Governments in Africa are increasing their share of the available resources, and in 1969 public consumption accounted for 15.7 per cent of the net resources used whilst domestic capital formation represented 16.8 per cent. Both those figures are higher than in 1960 or 1965, and when it is considered that Developing Africa was a net exporter in 1969 after having been a net importer in 1960, the private consumer has experienced a very considerable squeeze during the 1960s with his relative share of the net resources being reduced from 74.2 per cent in 1960 to 65.8 per cent in 1969.

6. In 1970 the information available for some thirty countries of Africa suggests that the year has been a favourable one and twenty-one countries out of thirty are expected to show a growth rate of their GDP of 4 per cent or more in real terms. These countries include many of the larger ones and on a population count basis the number in countries with a favourable outlook was at least 70 per cent of the total of Africa.

7. When the data are finally prepared the prospects are that Developing Africa as a whole will show a relative improvement in its growth performance in 1970 and the continuation of this favourable trend would naturally improve the chances of achieving the target growth rates for the 1970s.

8. The major growth sectors in the 1970s must continue to be those of the 1960s, that is manufacturing and mining, but if agriculture which is still



the major economic sector in most countries could achieve the target growth rate of 4 per cent a year then the overall economic prospects for Africa would be infinitely better. However, the magnitude of the problem of agriculture can be emphasized by the relatively poor growth rate of only 2.3 per cent a year achieved between 1960 and 1969.

9. The later sections in this summary cover the major economic sectors starting with Agriculture, Forestry and Fishing, and ranging through Mining, Manufacturing, Construction, Energy, Transport, Tourism, External Trade, Balance of Payments, Finance, and Manpower to Education. There is finally a section on some recent development plans.

#### Agriculture, Forestry and Fishing

10. In many countries in Africa this sector is still the most important productive economic sector but its relative growth is tending to hold back the development of the economy of Africa. Against a target growth rate of 4 per cent<sup>1/</sup> per annum for agriculture during the Second Development Decade, the actual growth rate recorded based on production indices in the year 1960 to 1969 was 2.3 per cent per annum for Developing Africa. This means that the growth of this sector has to increase by about 75 per cent during the 1970s if the overall target growth rate of at least 6 per cent a year for the economy as a whole is to be achieved.

11. It is fortunate that against this rather gloomy picture for the 1960s as a whole that in 1969 itself agricultural production has been estimated to have increased by about 4 per cent in the developing countries of Africa and by 3.4 per cent in Africa as a whole. Another movement which has a particular significance for the future is the higher growth rate for livestock production recorded for the years 1965 to 1969 compared with the first five years of the decade. In Developing Africa livestock production increased on average by 3.6 per cent a year between 1965 and 1969 compared with only 1.9 per cent for crop production and 2.0 per cent for livestock production in the years 1960 to 1965.

12. One disturbing trend, however, has been the fall in the production of certain commercial crops in the years 1965 to 1969 and the slower growth

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<sup>1/</sup> Estimates of the Centre for Development Planning, Projections and Policies.



rate of other commercial crops compared with the first half of the decade. There are, of course, exceptions and very encouraging development has taken place in the production of cotton, citrus fruits, tea and pulses. As far as sugar cane, coffee and palm oil are concerned the percentage increase in production was less in the latter half of the sixties than in the first, whilst groundnut, palm kernel, olive oil and sisal production in 1969 was far below the level of 1965. The 1969/70 cocoa crop was 19 per cent above the very poor crop of the previous season but still only 83 per cent of the record 1964/65 crop; grapes for wine and tobacco production remained depressed and in 1969 were only 67 and 79 per cent respectively of the levels of 1965.

13. Cereal production was about 59 million tons in 1969 compared with 52 million in 1965 and meat production has been estimated at 3.99 million tons in 1969 as against 3.67 million tons in 1965. Since 1960 there has been a particularly impressive growth in fish production in and around Africa and the catch increased from 2.30 million tons in 1960 to 3.31 million in 1965 and to 4.57 million tons in 1969. This means that the fish catch is now larger than the estimate of meat production but, unfortunately, a considerable portion of the catch is processed into fish meal and fish oil and exported outside Africa so the Continent is not able to use the increase to ensure that its own population is fed at a better level of nutrient intake.

14. There has been significant growth in the production of industrial timbers in the years since 1960 and removals from the forests for this purpose increased by 17 per cent between 1965 and 1969. The greater proportion of this production is exported in the form of logs, sawwood, veneers, plywood, and wood pulp but an increasing portion is being utilised in Africa itself.

#### Mining

15. The African region has abundant mineral resources and at the present time it accounts for about 28 per cent of the total value of known world mineral output. Africa occupies a predominant position in the world production of gold, diamonds and cobalt ore and is important in the production of chrome ore, phosphate rock, manganese ore, antimony, beryl, vanadium ore,



platinum and copper. There is a growing output of crude petroleum, iron ore and other minerals.

16. In particular countries, mining is a very important contributor to GDP. In Libya mining's share of the total product reached 60 per cent in 1969, in Namibia it accounted for 41 per cent, in Zambia for 37 per cent, Liberia 32 per cent, Mauritania 29 per cent, Gabon 24 per cent and in eight other countries it contributed 10 to 20 per cent of GDP.

17. The growth of mineral production in Africa since 1965 has been concentrated on crude petroleum, natural gas and nickel ore, and there have been lesser but significant growth rates in the output of iron ore, bauxite, phosphate and platinum, amongst the major minerals. Only small production increases were recorded for phosphate rock, coal, cobalt, copper, tin ore and diamonds but significant falls occurred for asbestos and lead ore.

18. Crude petroleum production in 1969 was 247 million tons compared with only 14 million tons in 1960 and 107 million tons in 1965. Most of the increase has come from the development of petroleum production in Libya during the 1960s but there have also been impressive increases in production from Nigeria, Algeria and the UAR. Africa had seven countries in 1969 producing more than 2.5 million tons of crude petroleum and in all these countries there was an increasing trend in output.

19. The present world tendency is for increasing consumption of petroleum products, and the future course of the industry will be strongly influenced by relative price changes between different types of energy sources. Africa's growing position in the supply of crude petroleum will naturally be strongly affected by the discovery and exploitation of oilfields in other parts of the world but the likelihood is of a continuing increase in the share of the market supplied from Africa's oilfields. The only factor which could mar such a development would be for Africa itself to increase its prices beyond that of competitors in other areas or beyond what is practicable to compete with other sources of energy.

20. Natural gas production is increasing but its commercial exploitation is at present limited. Algeria, and Nigeria are at present exporters of natural gas in bulk and should be joined by Libya in the near future.



Most iron ore production in Africa occurs in West Africa and Liberia is the major producer. Output increased further in 1969 continuing the trend established in the 1960s and 35.5 million tons (fe content) were mined, of which Liberia produced 14.8 million tons, Mauritania 5.5 million tons and South Africa 5.6 million tons. In 1960 only 9.3 million tons of iron ore were mined and by 1965 this had increased to 25.3 million tons.

21. Copper production in 1969 was also at record levels assisted by particularly high world prices and 1,266,000 tons were produced compared with 1,122,000 tons in 1965 and 984,000 tons in 1960. Zambia is the major producer in Africa with the Democratic Republic of the Congo in second place; production from Zambia was 720,000 tons in 1969 and from the Democratic Republic of the Congo 356,000 tons. Copper production was influenced in 1970 in the first half of the year by the continuing increase in price and in the second half by the particularly drastic fall. There was also an earth fall in one of Zambia's major mines which stopped production for two months. This probably means a fall in Africa's output in 1970.

22. Gold in Africa is produced mainly in South Africa and on the Continent as a whole there has been little growth in production since 1965. Diamonds are also mined in quantity in South Africa and Namibia but the most important producer in 1969 continued to be the Democratic Republic of the Congo with 13,870,00 carats out of a total for Africa of 35,200,000 carats. There was a significant increase in Africa's production from 26,680,000 carats in 1960 to 31,490,000 in 1965 and also between 1965 and 1969.

23. Phosphate rock is produced mainly in Morocco and Tunisia; African output fell between 1968 and 1969 which was the first adverse movement recorded in the 1960s. The fall was mainly due to the flooding of Tunisia's mines, but there was also some sign of difficult market conditions for the product.

24. Tin concentrate production also fell in 1969 and was nearly down to the level of 1965 after a tendency to increasing output between 1965 and 1968. Most production comes from Nigeria and the Democratic Republic of the Congo.



25. Production of lead ore and zinc ore increased in 1969 compared with 1968 but in each case it was still below the levels of 1965.

26. Activity in mineral prospecting and the proving of deposits already discovered continued at a relatively high level in 1969; and there was particular interest shown in petroleum prospecting in a number of areas.

#### Manufacturing

27. The growth of manufacturing industry continued unabated in 1969 and overall it is estimated that production increased by some 7 to 8 per cent continuing the trend established since 1960. Very roughly total domestic production is estimated to be worth nearly US\$12,000 million (at 1963 prices) compared with US\$7,000 million in 1963. One indicator of the growth of the units producing staples for domestic consumption is the estimated increase in raw materials for textile production from 77,900 metric tons in 1961-1963 (average of three years) to 185,600 tons in 1967/68.

28. Between 1967 and 1969 it is estimated that manufacturing output (over the two-year period) increased by 20 per cent or more in 11 countries, from 12 to 20 per cent in 6 other countries, from 8 to 12 per cent in 10 countries, from 5 to 8 per cent in 8 countries and by less than 5 per cent in 9 countries. There were 17 countries with a total growth below 8 per cent and 17 with a growth of 12 per cent or more.

29. Details have been collected of some 400 major projects in developing countries which either started production between 1967 and 1969 or were under construction or covered by agreements. There were a large number of textile plants included in this list, a considerable number of cement plants and a significant number of sugar mills (and refineries). The distribution of the projects between sub-regions illustrates to some extent the different stages of industrial development reached with North Africa moving to a more advanced process such as chemical production and basic iron and steel projects whilst in the other sub-regions textile projects (and in West Africa) cement projects were more common ventures.

30. There were significant entries on the list of projects such as petroleum refineries, petro-chemical complexes, other chemical industries, engineering plants, assembly of automobiles, production of automobile tyres,



pulp and paper mills etc. etc. which provide an important indicator of the direction of Africa's manufacturing development.

31. There is a serious effort to up grade exports in the new manufacturing ventures and also a continuation of the import substitution process. However, on the negative side there is considerable evidence of a tendency to ignore economies of scale in a number of ventures and the construction of certain projects has been delayed leading to much inflated final completion costs. Unit costs of production in Africa's manufacturing industry are high in too many cases and this has led to demands for the prohibition of imports and higher customs tariffs.

#### Construction

32. The construction industry in Developing Africa continues to operate almost on a two-tier basis with large foreign concerns handling many of the important infrastructure projects (roads, dams etc.) whilst the smaller indigenous concerns deal predominantly with housing and the smaller construction activities. The shortage of skills at both the intermediate and professional level is still acute and this also entails dependence on the expatriate. Finally imported materials for the construction industry accounted for some 61 per cent of the total used in 1967 to 1969 in developing countries. Thus in what is the modern sector of the industry the costs of foreign contractors, specialist workers and imported materials accounts for a considerable proportion of the total output of this economic sector in many countries in Africa.

33. In the provision of housing it has been estimated that the number of units produced per annum is approximately 3 per 1,000 population whereas what is required is about 13 per 1,000. The high cost of borrowed money and the relatively high costs of the average housing unit have the effect between them of putting the price of more modern housing beyond the means of the vast majority of the African people. It is perhaps fortunate for the dwellers in the rural areas, i.e. five-sixths of Africa's total that the traditional type houses can be built without use of modern inputs making use of available raw materials.



### Energy

34. During the last half of the 1960s the development of energy in Africa has been characterised by the intensification of petroleum prospecting, an accelerated growth rate in the production of crude petroleum, the rapid augmentation of oil refining capacity, an appreciable increase in the production of hydro-electricity with new major schemes brought into production or started and progress in the direction of rural electrification.

35. The exploratory and proving work on this period has enabled a better appreciation of Africa's energy resources to be made and the present position is that Africa contains about one-third of the exploitable hydro-electric potential of the world, one-tenth of the known petroleum reserves, 23 per cent of the natural gas reserves, 15 per cent of certain types of coal, 13 per cent of the known uranium reserves and at least 7 per cent of the thorium reserves. These resources, however, are very unevenly distributed throughout the Continent with hydrocarbons in the North and the West Coast, coal in the South, hydro-electric resources in the Centre and in the great river basins, and radio-active materials concentrated in the South. There are also geothermal possibilities in the Rift Valley area of East Africa.

36. The petroleum reserves of Africa are at present estimated at 7,300 million tons and the largest producers in 1969 were Libya, Algeria, Nigeria, the UAR, and Tunisia. Libya's production in 1969 in terms of equivalent coal was 194.6 million tons compared with 75.9 million tons in 1965. The natural gas reserves are estimated at 4,700 billion cubic metres with 90 per cent in North Africa (Algeria's Hassi R'Mel deposits contain more than one third of the total).

37. The production of primary energy in Africa increased from 203 million to 396 million tons of equivalent coal between 1965 and 1969 with the largest increase occurring in 1969 when an additional 72 million tons were produced. The North Africa sub-region provided 71.1 per cent of the total energy in 1969 due almost entirely to the crude petroleum production. However, even with the very satisfactory rate of increase between 1965 and 1969, Africa produced only 6.2 per cent of world supply in 1969.



38. The picture for energy consumption in Africa is less favourable and the increase of 4.5 per cent per annum registered between 1965 and 1969 does not reflect a very high growth rate of economic activity. The total consumption in Africa is estimated at 111.5 million tons in 1969 and the per capita consumption in terms of equivalent coal had reached 316 kilogrammes or about 17.6 per cent only of the average world consumption per head.

39. Total production of electricity in Africa increased from 58,073 million kwh in 1965 to an estimated 79,962 million kwh in 1969 or by 8.3 per cent a year. The growth rate in Developing Africa was higher being 11.4 per cent a year but in 1969 the developing countries produced only 35,729 million kwh.

#### Transport

40. The more important measures of development of transport in Africa all show fairly substantial growth rates during the 1960s, but there has been particular growth in the scheduled air services and in exports by sea.

41. The railway system is still the most important means of carrying freight in Africa and between 1965 and 1969 there was an average increase in freight ton kilometres in Developing Africa of 5.1 per cent a year which was about the same as in the years 1960, 1965. The number of road motor vehicles in use increased in Developing Africa from 1,487,500 in 1960 to 1,860,500 in 1965 and to an estimated 2,479,400 in 1969 but even in 1969 there were only 7.5 vehicles per 1,000 persons and only 3.9 per kilometre of main and secondary roads. The averages in developed countries are much higher with about 200 vehicles per 1,000 persons in Europe and 15 to 40 vehicles per kilometre of road.

42. On the basis of present usage a massive increase in vehicles in use on the Continent of Africa is required to produce a more reasonable relationship between vehicles and roads and to provide the traffic volume necessary to turn a large proportion of the roads into paved roads.

43. Although there has been (and still is) considerable development of road networks, in 1969 there were only about 138,000 kilometres of paved road in Developing Africa which represents only about 4 Km per 1,000 square kilometres. There were approximately 1,192,000 kilometres of roads of all



types but 208,000 kilometres were classed as main roads and 425,000 kilometres as secondary roads, the balance represented very low quality roads.

44. Africa has to move in three directions simultaneously with road development; firstly where necessary a good network of national roads must be completed. Secondly the feeder roads within a country must be built or improved to open up the various areas to modern commerce and development and thirdly international roads must be built to facilitate trade between countries and to help promote tourism.

45. The development of air services in Africa has resulted in a large number of countries having their own national (and sometimes international) services whilst international airports have been constructed or rebuilt to take the larger modern aircraft. The growth of international services has been particularly rapid in the 1960s and has resulted in large passenger traffic increases. In 1960 in the developing countries of Africa 1,878 million passenger kilometres were flown, by 1965 this total had increased to 3,612 million and by 1969 to 5,327 million.

46. There has also been a very large increase in the goods loaded at African ports during the 1960's and in Developing Africa 68.4 million tons were loaded in 1960, 182.6 million in 1965 and 335.4 million tons in 1969. Crude petroleum and iron ore were mainly responsible for these increases. The growth of cargo unloaded was much less and the increase in Developing Africa from 1960 to 1965 was from 46.7 million tons to 56.6 million tons and between 1965 and 1969 there was a further growth to 64.0 million tons.

47. Port facilities have had to be increased in many countries to accommodate the increased traffic but much of the crude petroleum is now loaded at specially constructed oil terminals.

#### Tourism

48. Whilst it is probably wrong to say that Africa has enjoyed a tourist boom since 1965, there have been some fairly considerable increases in the numbers of tourists visiting certain favoured countries. The list of countries which have seen substantial increases in tourist arrivals includes Algeria, Libya, Morocco and Tunisia in North Africa and Ethiopia, Kenya, Tanzania and Uganda in East Africa. In contrast the number of tourists



visiting the UAR has fallen off very considerably between 1965 and 1969 due to the impact of the hostilities with Israel.

49. In Developing Africa there were 2,344,000 foreign tourists in 1965 and 3,106,000 in 1969; excluding the UAR the totals were 1,802,000 and 2,741,000 respectively. Earnings from tourism have naturally increased and in seven countries the total virtually doubled between 1965 and 1969 from 140 to US\$273 million.

50. There is still much that can be done to improve the flow of tourists to Africa. The development of the tourist infrastructures must be carried out in the best possible way, hotels must be built and managed economically to provide tourists with reasonable facilities at a moderate cost, and arrangements should also be made for more charter-type flights between the main tourist generating areas - Europe and North America, and Africa.

51. The tourist of today, who wishes to go outside the more traditional tourist areas, has come to expect package tour arrangements which limit his expenditure to a sum which is known in advance and the more successful areas in Africa have benefited by working with agencies in Europe and elsewhere to bring this sort of tourist to their countries.

#### External Trade

52. Developing Africa's trade registered a significant increase during the period 1965 to 1969 rising from a total of US\$15.6 billion in 1965 to 20.9 billion in 1969 with imports and exports accounting for 9.4 billion and 11.5 billion respectively in 1969 as against 7.9 billion and 7.7 billion in 1965.

53. There has been a continuous improvement in Developing Africa's trading position and a deficit in 1965 of US\$420 million was turned into a surplus in 1969 of 1,430 million. The annual average growth rate of Africa's exports was 10.7 per cent per annum and the income terms of trade, which reflect the import purchasing power of export earnings, rose from 95.2 in 1964 to 144.9 in 1969.

54. However, in this second half of the 1960s there was no increase in



Africa's share of world trade which stayed at 4.1 per cent for 1965-1969 or the same figure as for 1960-1965. The developed market economies took the same share of Developing Africa's exports but supplied a smaller proportion of her imports in the period 1965 to 1969 as in the years 1960 to 1964. Amongst these developed countries Japan supplied an increasing proportion of the imports of the Region and took more of the exports. The centrally planned economies including China also supplied more of Developing Africa's imports in the period 1965 to 1969.

55. Developing Africa's trade surplus in 1969 was generated almost entirely by trade with the developed market economies. The balance of trade with such countries was in Africa's favour to the extent of US\$1,670 million but there was a deficit on trade with the developing market economies and the centrally planned economies so that eventually the overall surplus was reduced to US\$1,430 million.

56. There continue to be a limited number of developing countries in Africa which account for a major share of total export earnings. In 1969 Libya, Zambia, Algeria, Nigeria and the UAR accounted for 50.7 per cent of Africa's total exports. The list was the same in 1965 and 1968 but the overall percentages were lower.

57. With the continued development of exports of crude petroleum, mineral fuels accounted for 26.1 per cent of all exports in 1965-1969 compared with 12.1 per cent in 1960-1964. Primary commodities still account for most of Africa's exports and in 1968 they represented 78.8 per cent of total exports compared with 81.2 per cent in 1965. However, there is some evidence of an increase in the export of manufactured products from Africa.

58. Crude petroleum exports continued their rapid rate of growth which between 1965 and 1969 averaged 22.6 per cent per annum and the value of copper exports also increased sharply during this period. There has been a rise in the share of minerals in Africa's exports over this period which means that the relative proportion of agricultural products in such exports has fallen.

59. Imports continue to include a substantial proportion of machinery and



transport equipment with some growth in the relative share in the years 1965 to 1969 compared with 1960 to 1964. However, the evidence of 1968 and 1969 suggests a fall in capital goods imports from 33.5 per cent of total in 1967 to 29.1 per cent in 1969 and an increase in consumer goods imports from 37.2 to 41.2 per cent of the total.

60. The growth rate of intra-African trade was very disappointing in the period 1965 to 1968 being about one quarter of what it was during the first five years of the decade. This disappointing trend must be reversed if Africa is to develop more swiftly. A planned expansion of intra-African trade could play an important part in diversifying the direction of Africa's trade and all possibilities of intra-regional trade expansion should be identified and exploited. With sufficient African markets these would provide 'springboards' for the setting up of industries eventually aimed at markets located outside the region. For this purpose special forms of co-operation covering payments and trade arrangements will need to be devised between African countries.

#### Balance of Payments

61. Africa is still heavily dependent on sources outside the Region for the public transfers and capital receipts which are needed to help many countries develop. In 1968 the net total of public transfer receipts and capital inflow totalled US\$1,396 million for 29 developing countries. On the other hand investment net payments abroad totalled US\$1,012 million; one result of past investments made in Africa has been a very large increase in the net outflow of funds for investment income payments.

62. There is a strong movement towards an increase in net investment payments from Africa, and it is difficult under present conditions to see this movement reversed in the immediate future.

63. The inflow of public and private capital and public transfers is very important in that majority of countries which are still in deficit on current account and such inflow serves to create a deficit on merchandise account because the money may be used to make additional purchases abroad.

64. There was a material improvement in the trade balance in a number of



countries between 1965 and 1969, mainly due to increased crude petroleum exports and higher prices for other minerals, but in a few countries this balance improved because import bills were deliberately reduced as an act of policy to redress balance-of-payments disequilibria.

65. The growth of travel receipts also helped a number of countries but the UAR in particular faced reduced travel earnings and also the loss of its Suez Canal revenue in the years since 1966/67 which materially affected that country's current account balance.

66. Public transfer receipts have shown a tendency to increase in the years since 1965 and this has been accompanied by a fall in the public capital inflow. There is some evidence also of a fall in the net private capital inflow.

67. The position of the balance of payments in any individual country varies very widely between countries and over the years. The more common experience is for a country to be in deficit on both the merchandise account and on the current account as a whole with capital and transfers balancing the overall account. There appears to be evidence of a more conscious policy in individual countries to limit their balance-of-payments problems as part of a move towards more genuine monetary independence. If there is one problem which countries must continue to guard against it is that of a commitment to increase income payments abroad unmatched by the increase in exports necessary to pay them. Some considerable part of the foreign loans must be used to earn foreign revenue by increased exports or to save foreign exchange by import substitution developments.

#### Finance

68. The subjects under this heading include public finance and fiscal developments, external aid, a monetary survey and international liquidity.

69. If it is possible to summarise these various subjects it can only be to say that there has been tremendous variation in the experiences of the individual countries of Africa, under any of the headings being considered. Government revenues (and expenditures) in certain countries have increased many times (e.g., in Libya and Zambia revenue increases were twelve-fold



and eight-fold respectively between 1960 and 1968) whereas in others the increase has been very small (e.g., Senegal 9 per cent and Algeria 14 per cent). The results of such widely divergent revenue increases naturally has a very important bearing on the expenditure changes in the various countries.

70. Although the result of adding the various countries together and converting their revenue receipts to US dollars, may obscure the more general experience, an examination of the government revenue of 24 developing countries shows that between 1960 and 1965 total ordinary revenue increased on average by 8.5 per cent per annum and from 1965 to 1969 by 8.2 per cent per annum. Direct taxes grew relatively faster than indirect taxes in both periods but the fastest growing sector was 'other domestic revenue' which included petroleum revenue in Libya and special mineral taxes in Zambia. When the other types of revenue are examined there was a fall in extraordinary revenue receipts but an increase in loans receipts particularly between 1965 and 1969.

71. Over the years 1960 to 1968 the proportion of GDP represented by government expenditure rose very significantly and in twenty countries, by 1968, the average was 24 per cent of GDP compared with about 18 per cent in 1960. The activities of various Governments have been spreading more and more into the general economy.

72. There are still a considerable number of Governments which could mobilize a higher proportion of the wealth of the community for an extension of the development effort of the public sector but for this purpose some important changes will have to be accepted particularly by the more wealthy persons in the countries concerned.

73. External aid to Africa has tended to favour particular countries and sub-regions during the 1960s with the UAR in North Africa being a major aid recipient especially in the years up to 1967. Multilateral aid to Africa from the World Bank and IDA has shown an increasing trend since 1967 and the favoured areas for such aid are now transportation, agriculture, manufacturing industry and education. The position of bilateral aid is less easy to interpret because of a lack of data for 1969 but during the 1960s



up to 1968 the developed market economies gave Africa more than five times as much in aid as was committed by the centrally planned economies.

74. There is some evidence that the burden of external debt repayment is continuing to increase but the more recent moves to soft loans is having some impact in holding back future increases. There are a number of countries which have particular problems in this direction at the present time.

75. The monetary survey also illustrates the different experiences of individual countries, with rapid inflation in the Democratic Republic of the Congo and earlier in Ghana leading to exchange rate changes, whilst for a large number of countries there was no change in exchange parities at all during the 1960s. Some sterling area countries changed their parities with the sterling devaluation in 1967, and all countries in the franc zone followed the French devaluation of 1969. The rates of growth of domestic credit and money supply have been different in individual countries. Libya and Zambia had high growth rates of credit and money supply during the 1960s but in many others the growth rates were more moderate.

76. Quasi-money which measures the savings in the banking system showed relatively high growth rates in 32 countries in Developing Africa in 1960 to 1965 and from 1965 to 1969 and this is a very important pointer to the attempts that the banking system in Africa can make to mobilize savings; between 1965 and 1969 in these 32 countries, quasi-money (but measured at current prices) increased on an average by US\$178 million per annum.

77. Africa as a whole has shown a fairly substantial increase since 1967 in the international liquidity reserves but most of this increase has been due to the experience of a small number of countries. If such countries are excluded there has been no increase for the majority of countries of Developing Africa and in these countries the coverage of imports by liquidity reserves has fallen making it more difficult for such countries to adopt a flexible trading policy. In twenty-two developing countries the coverage of imports by liquidity reserves fell from 38 per cent in 1960 to 22 per cent in 1965 and it remained at that level up to 1968 but fell to 20 per cent in 1969.



### Manpower

78. Africa's population was estimated at 361.7 million in 1970 and included 340.3 million in the developing countries. The overall growth rate was 2.6 per cent per annum both in Africa as a whole and in the developing countries. Over the area of the Continent the average population density was about 12 persons per square kilometre and if the urban areas are excluded the average is nearer 10 person per square kilometre. There are particular areas of population concentration in each sub-region. The total urban population in 1970 was estimated at 63.1 million in Africa and 54.75 million in Developing Africa, both having the same growth rate of 5.1 per cent a year. There is a much higher proportion of the total population in the urban areas in North Africa and Other Africa, both of which are sub-regions of relatively high per capita incomes.

79. Many countries have experienced a high rate of growth of their urban population since the early 1960s and this has led to problems such as slum housing, inadequate services and urban unemployment.

80. Africa's population is a very young one and taking unweighted averages of the various sub-regions there are 43.3 per cent under 15, 42.8 per cent between 15 and 44, 9.3 per cent between 45 and 59 and 4.6 per cent aged 60 and over. The present burden of the aged is not great at the moment but the demand for the young is for increasing educational facilities which is imposing a very appreciable burden on Governments throughout the Region.

81. Estimates have been made of the labour force in Africa and there were 114.0 million in the labour force in 1965 and 126.7 million in 1970. The growth rate was fairly low averaging 2.1 per cent per annum during this five year period and was kept down because of a higher participation of the young in education. In the figures for 1970 were 85.3 million males and 41.4 million females; the participation rates of females were much higher in West, East and Central Africa than in North Africa.

82. As approximately two-third of the present labour force are farmers, fishermen, hunters and forestry workers the importance of the rural areas in providing economic activity needs no emphasis. Only a small proportion of



the labour force is in wage employment but the proportion varies markedly between different countries and sub-regions. There is some evidence of a growth in wage employment in a number of countries in the years since 1966.

#### Education and Training

83. On the admittedly incomplete data available at the present time there appears to have been some slowing down in the rate of increase of enrolments at different levels of education in Developing Africa in the years 1965 to 1969 compared with 1960 to 1965. The average annual growth rates in enrolments between 1965 and 1969 were approximately 4.0 per cent for primary, 9.4 per cent for secondary and 3.8 per cent for higher education. In the period 1960 to 1965 the equivalent growth rates were 6.3 per cent for primary enrolments, 13.1 per cent for secondary enrolments and 10.7 per cent for higher education (higher education includes persons outside Africa).

84. There are very wide variations in the stages reached for the different levels of education and in the individual countries and sub-regions. There were improvements in the overall situation between 1965 and 1969 as reflected by the relationship between total population and the various enrolment figures. In 1969 approximately 8.2 per cent of the total population of Developing Africa was enrolled in primary education, 1.25 per cent in secondary education and 0.094 per cent in higher education. In 1965 these ratios had been 7.7 per cent, 0.97 per cent and 0.090 per cent respectively.

85. North Africa and Other Africa had generally progressed further in education than the other sub-regions of Africa, but West Africa showed the lowest level of development.

86. The actual enrolment ratios (i.e., the proportion of children of school age actually at school) in 1967/68 were 80 per cent and over in primary education in seven developing countries and there were a further ten countries where the enrolment ratio was between 60 and 80 per cent. For secondary education there were only two countries with enrolment ratios of 20 per cent or more and a further six between 10 and 19 per cent.



87. Secondary education is still heavily weighted in the direction of the general academic course but there is some evidence of an increasing proportion of students taking vocational subjects. Between 1960 and 1967/68 the proportion of secondary students undergoing teacher training courses fell from 12 to 7 per cent.

88. In higher education within Africa enrolments over the period 1965 to 1967 increased by 5.4 per cent a year compared with 10.7 per cent a year from 1960 to 1965. The slowing down in the growth rates in higher education from 1965 to 1967 was observed in all sub-regions but there were still comparatively high growth rates in West, East and Central Africa. In 1967/68 on average nearly 40 per cent of students in higher education in 25 countries were registered for scientific and technical subjects.

89. The proportion of females enrolled in educational establishments continued to increase over the years 1965 to 1967 and in 1967, 39 per cent of primary students, 32 per cent of secondary students and 23 per cent of students in higher education were female.

90. Whilst there has been some progress, the development of education in recent years does not seem to indicate that the problems due to the shortage of qualified personnel which confront most African countries at the present time will be overcome in the foreseeable future. To make the most use of existing qualified persons and to plan adequately for the future probably calls for a really comprehensive appraisal of the supply and demand for all types of skilled personnel. African countries must assist themselves in this direction either by co-operatives to set up a suitable organization which could offer the services of specialists able to carry out comprehensive manpower planning, or by developing their own units properly staffed for this purpose.

#### Development Plans

91. There are only seven development plans covered by the analysis in the last chapter of this survey but because they include some of the larger countries of Africa the population of these seven countries was 43 per cent of Developing Africa in 1970. It is for this reason that the intentions



of these countries as reflected in their development plans are of considerable significance. The countries concerned are Algeria, Sudan, Ethiopia, Kenya, Tanzania, Senegal and Nigeria.

92. The planned increases in GDP in the seven countries range from 5.5 per cent to 9.0 per cent a year with four in the range 6.0 to 7.0 per cent a year. The plans run up to 1974 and the lower growth rate in the 1970s during the Second Development Decade is 6 per cent a year, so the countries planning into the 1970s appear to have accepted this target growth rate.

93. There are considerable variations in the proportion of GDP to be spent on investment ranging from 10.6 per cent for the Sudan to 33.4 per cent for Algeria but the more common figures lie between 15.5 and 23.8 per cent. The total investment proposed by the seven countries is more than US\$16,277 million and in six countries taken together some two-thirds of the total was expected to be domestically financed. There was a different emphasis on the public and private sectors in the different countries with Kenya expecting 64 per cent to be provided by the private sector and Algeria's plan being a public sector plan only.

94. The importance given in the plans to individual productive sectors varies according to the assessment of the growth points which are likely to be operative in the countries concerned. In Nigeria and Algeria there is a considerable emphasis on crude petroleum production and manufacturing industry. In the Sudan the extension of the irrigated area is expected to lead to greatly increased cotton production as well as considerable increases in many other crops. In Kenya rural development is being emphasised although manufacturing industry will show the biggest proportional growth rate. Similarly, in Tanzania the growth rate in manufacturing industry is expected to be about twice that of agriculture. In Ethiopia manufacturing is a key growth sector but a substantial increase in agricultural production is also anticipated. In Senegal both agriculture and manufacturing industry will command considerable investment resources.

95. In the seven countries taken together the agriculture sector is expected to grow by 22 per cent, mining by 137 per cent and manufacturing by 70 per cent over the average period of the plans (which vary between 4 and



5 years).

96. The trends which appear to be established in the plans are in agriculture to grow more of the products required to feed the local population better, to reduce imports and supply more of the raw material requirements for local industry. Export products are also being increased but generally on a selective basis.

97. In mining the emphasis is on petroleum but there are a number of other minerals which are expected to be mined for the first time or for which production is to be increased.

98. The really significant developments are taking place in manufacturing industry to finish off the import substitution developments for the consumer market and then move into more basic sectors such as fertilizers, iron and steel and pulp and paper industries.

99. In electricity production there are a number of schemes mentioned designed to increase generating capacity or to develop the distribution systems. There are no really major schemes in the countries under study but very significant increases in generating capacity are planned except in Nigeria where the Kainji Dam scheme was completed recently and the next stage is to develop the transmission facilities.

100. Water development schemes for both urban and rural areas are being pursued in virtually all countries and probably the most significant is the use of the Roseires Dam water on an extended irrigated area.

101. Proposed transport developments cover road, rail, air and sea (including ports and shipping) but the heavy emphasis is on road construction although Algeria intended to spend large sums on a new harbour and on shipping.

102. In the social field, priority is definitely being given to education with an additional 4.5 million enrolments aimed at including nearly 4 million in primary education and 500,000 in secondary education. The additional hospital beds planned total more than 20,000. Housing investments are also expected to be substantial and there is the planned development of tourist



hotels particularly in Algeria and East Africa.

103. As a result of the proposed investments totalling US\$16,277 million, GDP in the seven countries is expected to increase by 37 per cent to reach 19,513 million. With a growth of exports turning a small overall trade deficit to a substantial surplus, some of the problems of shortages of foreign exchange are expected to be overcome. However, even at the end of the plan periods four of the seven countries still expect to have a deficit on visible trade.

104. Wage employment is expected to increase overall by about 30 per cent in the countries concerned but even at the end of the various plan periods, most countries will only have a relatively small proportion of the labour force in such employment.

105. If it is possible to comment on the plans as a whole, it is to say that each country has taken the calculated risk which is always needed for profitable investment and on balance they should succeed. The high overall growth rate of about 7 per cent per annum is higher but not out of line with the targets laid down for Africa for the Second Development Decade.