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UNITED NATIONS

ECONOMIC COMMISSION FOR AFRICA

SUB-REGIONAL DEVELOPMENT CENTRE
FOR NORTH AFRICA (SRDC)

Fourteenth Meeting of the Intergovernmental Committee
Of Experts of SRDC

Tangier, Morocco
26-30 June 1998

**SURVEY OF ECONOMIC AND SOCIAL CONDITIONS IN
NORTH AFRICA, 1996-1997**

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INTRODUCTION

The present report is a synthesis of the macro-economic situation in the seven countries of the North African sub-region during the 1996-1997 period. The analysis is very selective in the areas covered as it is based on the Proposed New Methodology for the Economic and Social Survey in Africa by the Economic Commission for Africa (ECA). This new approach is designed to produce the Survey in two parts. Part I will deal with the analytical treatment (monitoring) of macro-economic policy and social indicators. Part II will concentrate on major and topical development problems of the African region. What follows constitutes a contribution by the Sub-regional Development Centre (SRDC) - North Africa to Part I of the Economic and Social Survey in Africa 1996-1997.

The synthesis contained in this report will be followed by more detailed individual country reports that will cover the traditional terrain of social and economic reviews, of the countries that were visited by the staff of the SRDC-North Africa during the period November/December 1997 namely Algeria, Egypt, Morocco, Mauritania, Sudan and Tunisia.

The general picture that emerges from the synthesis is that of economic recovery and consolidation of the reform efforts that all the countries of the sub-region embarked upon in the early part of the 1990s. Even in cases of a very difficult environment such as in the Sudan, there are signs of increased awareness of the need to effectively implement the necessary macro-economic reforms. It is this overall commitment of the governments of the countries of the North African Sub-region that underpins most of the positive results that are evident in areas such as the growth in GDP, the controlled inflationary trends, the shrinking budget deficits, etc.

There is also a clear realisation that the process of reform has to be continued and deepened so as to tackle and overcome other structural problems like debt, privatisation, streamlining of the public sector, employment creation, strengthening of stock exchange markets, infrastructural development, and establishing conditions for increased economic diversification and competitiveness.

OVERALL ECONOMIC PERFORMANCE 1996 -1997

ECONOMIC GROWTH

The overall trends in terms of GDP growth in real terms show a clearly good economic performance in the countries of the North African sub-region during the 1996-1997 period. This performance was particularly evident in 1996 when most of the countries showed a recovery from the effects of the drought in the preceding 2-3 years. It was also during 1996 that the international economic environment was particularly favourable to the countries of the sub-region that produce oil as a result of the increase in the price of oil per barrel and the general appreciation of the dollar. As a result of these factors coupled with internal efforts to consolidate the ongoing economic reforms in most of the countries, there was an acceleration in the growth of GDP in 1996 relative to 1995 in all the seven countries of the sub-region.

However, in 1997, the overall performance was more subdued with fewer countries (Algeria, Egypt and Mauritania) estimated to have maintained the rhythm of acceleration in the growth of GDP. The other countries (Libya, Morocco, Sudan and Tunisia) are estimated to have had slower GDP growth in 1997.

Gross domestic product % change, year on year

Countries	1995	1996	1997e
Algeria	3.9	4.0	4.0
Egypt	3.2	4.9	5.5
Libya	2.0	1.5	0.5
Mauritania	4.6	4.7	4.9
Morocco	-7.0	11.8	-2.5
Sudan	4.0	4.5	4.0
Tunisia	2.4	6.9	5.6

(e) = estimates

Sources : National information; World Bank; IMF; Economist Intelligence Unit

It is important to stress the fact that the performance of all the economies of the sub-region during the 1996-1997 period, was greatly influenced by three basic factors namely:

- (i) the favourable climatic conditions;
- (ii) the international economic environment; and
- (iii) the consolidation of the domestic macro-economic reforms.

The rains that returned after a prolonged period of drought up to 1995 resulted in record harvests in most of the countries of the sub-region. For example, the harvests in Morocco tripled in 1996 relative to 1995. This upsurge in agricultural output eventually contributed significant points to the growth rates of GDP even in the countries where the proportion of agriculture in total GDP is not particularly high. In Algeria, agricultural output rose by 21.3 percent in 1996 and the production of cereals more than doubled. At this rate of growth, the agricultural sector which accounts for about 10.8 percent of GDP contributed over 2 percentage points to GDP growth in 1996. In comparison, the 6.3 percent growth in the oil sector which accounts for nearly 30 percent of GDP contributed less than 2 percentage points to Algeria's GDP growth. In Morocco, agricultural output in 1996 grew by nearly 100 percent thus contributing around 10 percentage points to the GDP growth rate of 11.8 percent. In the following year, the decline of 33.5 percent in agriculture greatly contributed to the 1997 poor performance of an estimated decline of 2.5 percent in total GDP. Of course, in Sudan, the share of agriculture in total GDP has been growing and is estimated to have reached about 48 percent in 1997 pointing to the critical importance of the performance of agriculture in the overall growth of GDP. It is thus apparent that the recorded overall growth of GDP of over 4 percent in 1996 is mainly, if not entirely, due to the estimated growth rate of 9.6 percent recorded in agriculture during that year.

The international environment also played an important role in the overall economic growth, improved export performance and macro-economic stabilisation in Algeria, Egypt, Morocco and Tunisia. For Libya and the Sudan the international environment remained unfavorable due to the continued isolation of the countries. For the Sudan, this unfavourable international environment together with the unresolved internal war situation continue to be the major bottlenecks that have to be overcome for the country to start on any viable path of recovery.

There is no doubt that the rigorous implementation of the reform programmes in the different countries of the sub-region contributed to the good overall performance during the period 1996-1997. It is noteworthy that most countries made remarkable progress towards macro-economic stability. A number of countries met and, in cases like Algeria, surpassed macro-economic targets for budget deficit reduction, inflation, monetary expansion, attainment of real interest rates etc. It is more than apparent that the countries of the sub-region are fully committed to achieve the goals of their reform programmes. Indeed, the countries are systematic, but cautious where necessary, in implementing further reforms in areas such as privatisation, overall administrative streamlining, establishment or strengthening of stock exchange markets and increased liberalisation of their economies.

In this respect it should be noted that the case of Sudan still calls for urgent action. In the recent period, prior to the US sanctions in November 1997, the country had shown considerable interest in restoring good relations with donors and creditors. However, the country still has to find a way to wiggle out of various forms of conditionalities and cross-conditionalities between the IMF and the donor countries. It is nevertheless encouraging that officials of the government of Sudan were hopeful, during the recent visit of the IMF team in Khartoum in November/December 1997, that some workable solution to the impasse will be found. It should be specifically noted that the government of Sudan has endeavoured to implement a number of measures recommended by the IMF. The performance indicators by 1995 showed that 16 targets out of a total of 20 were either observed or outperformed. The remaining areas included retail price of gasoline, regulations for licensing of foreign exchange dealers and issuance of government bonds. However, Sudan still remains threatened by the possibility of compulsory withdrawal from the IMF since by the end of 1996, Sudan had only managed to pay 50 percent of its monthly arrears to the Fund which were agreed at US\$5.5 million from September to December 1996. This level was, in February 1997, reduced to US\$3.3 million per month by the Board of the IMF and there seems to be some hope that Sudan might reach some resolution of the problems with the Fund.

SOME SECTORIAL ISSUES

While the overall performance of the countries was satisfactory during the period under review it is pertinent to draw attention to some sectoral trends that either performed poorly or show signs of continued structural problems. For the region as a whole these elements related primarily to (a) the relatively poor performance of the manufacturing sector in terms of its growth and competitiveness and (b) the increasingly apparent need to speed up the process of diversification of the national economies.

During the period under review, the growth and/or the structure of the manufacturing sector is an important issue for the countries of the sub-region especially in the context of the liberalisation and globalisation of the world economy. In Algeria, the poor performance of the industrial sector is estimated to have persisted, if not worsened, in 1997. The major causes of the poor industrial performance in Algeria is assessed to be more structurally deep-rooted than the current more symptomatic issues facing the sector such as difficulties in financing and obtaining inputs or lack of market opportunities. Efforts are, however, being undertaken to enable most of the public industries to stand on their own feet and an arrangement between Banks and Enterprises to improve the financing situation of the latter was initiated at the end of 1996. In Morocco, the industrial sector's growth is modest and requires dynamisation. In 1997, the sector recorded an estimated growth of 4.0 percent compared to 2.6 percent in 1996. Further, the sector still has to position itself to face increasing competition in the domestic and international market particularly in the case of textile, leather and agro-processing industries.

In Sudan, the industrial sector recorded some growth in 1996 as a result of government assistance and the exemption of taxes on the sub-sectors of textiles, cement and sugar. However, the sector as whole is beset by a host of critical problems of:

- lack of operating finance;
- lack of foreign exchange;
- existence of large installed capacities that the depressed domestic market cannot sustain;
- poor vertical and horizontal integration;
- inadequate infrastructure
- increasing protection rates that will in the medium term, undermine competitiveness especially when the economy is eventually more liberalised;
- poor investment environment to promote viable small-scale enterprises.

Economic diversification is particularly indicated for the Algerian and Libyan economies which are highly dependent on the oil-sector; Mauritania whose economy is presently dominated by tertiary activities especially trade, and the Sudan where the predominance of agriculture has been increasing with the slow down of most of the other sectors. Egypt is already on the diversification track and has undertaken efforts to establish regional infrastructures and new regional communities throughout the country, (e.g. the Suez Bridge and the redirection of the Nile waters to link with the Sinai). These steps will hopefully lead to increased industrial expansion and diversification with increased foreign direct investment. Morocco, has also made important steps towards economic diversification and is explicitly determined to make the necessary strategic economic adjustment to the globalisation and liberalisation of the world economy. It is within this context that Morocco witnessed the remarkable restructuring of exports of which manufactured exports now account for about 55 percent as compared to only 10 percent in 1970.

SOME MACRO-ECONOMIC INDICATORS

FISCAL SITUATION 1996-1997

The fiscal performance of the seven countries in the North African Sub-region (Algeria, Egypt, Libya, Mauritania, Morocco, Sudan and Tunisia) shows a healthy trend of a reduction in the overall budget deficits in all the countries and an attainment of budget surpluses in two of the countries in 1996. Indeed, some countries like Algeria and Mauritania maintained a budget surplus as a percentage of GDP for the two consecutive years 1996 and 1997. The other countries have also recorded a consistent decline in their budget deficit as a percentage of GDP.

Trends in Overall Budget Deficits (Percent of GDP)

	1995	1996	1997e
Algeria	-0.6	4.0	2.3
Egypt ¹	-1.3	-1.3	-1.1
Libya	na	na	na
Mauritania	-0.8	5.3	4.1
Morocco	-5.3	-3.0	-2.8
Sudan	-2.0	-1.8	-1.3
Tunisia	-4.2	-4.0	-

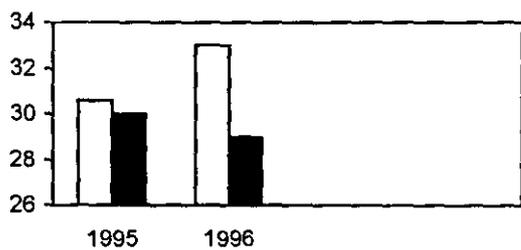
(e) = estimates; (na) = data non available

Sources : National information; World Bank; IMF; Economist Intelligence Unit

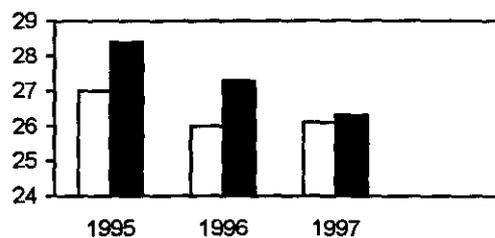
The improvement in the budget deficit situation of the countries of the North African region was due to a combination of increased budget revenue and restrained growth of government expenditure. In most countries government revenues increased while expenditures stagnated or declined as a proportion of GDP. The Charts below summarise these trends.

¹ Relates to fiscal years.

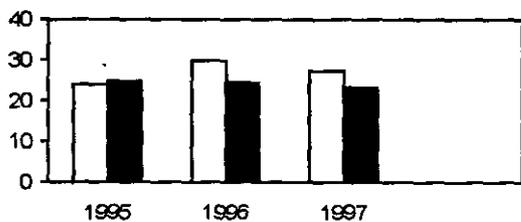
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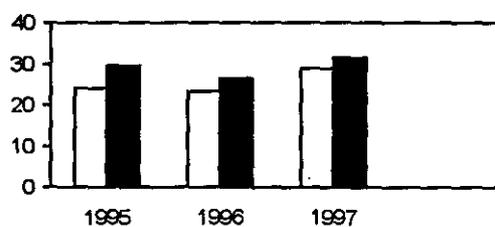
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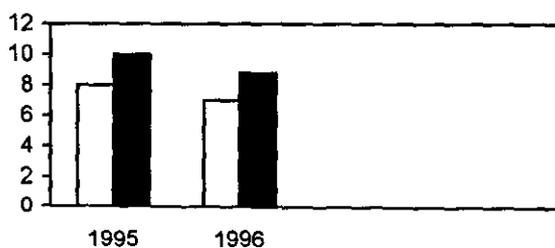
Mauritania



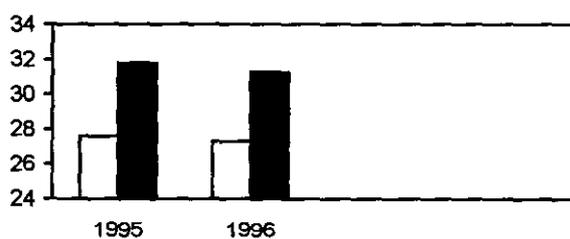
Morocco



Sudan



Tunisia



Revenues

Expenditures

Sources : National information; World Bank; IMF.

While revenues increased in a few exceptional cases partly due to external factors (e.g. increases in oil revenues in Algeria), in the majority of the countries, increases in government revenues was a result of concerted efforts by governments to pursue a number of revenue-increasing policies as part of their reform programmes.

In line with the reform programmes that the countries are following, the fiscal policies that featured in the 1996-1997 period included the following:

- a) Improved tax administration and collection including intensification of efforts to combat tax evasion (Algeria, Egypt, Morocco);
- b) Increased tax revenues from the private sector (Algeria, Morocco);
- c) introduction of new sales tax (Egypt);
- d) decrease in public investment expenditure (development budget) with a reorientation towards more incentives for private sector investments (Algeria, Egypt, Morocco, Sudan, Tunisia);
- e) rationalisation of subsidies (Algeria, Egypt);
- f) increased resort to full user fees for public goods such as petroleum and electricity (Egypt);
- g) reduction on interest paid on debt (Egypt, Morocco);
- h) Freeze on net public service recruitment (Algeria) although in some countries there was some increase in the wage component of public expenditure (Egypt, Morocco);

A heavy debt servicing burden remains the single major constraint in the efforts of countries like Sudan and Tunisia to balance their budgets.

MONETARY TRENDS 1996-1997

The countries in the sub-region have followed tight monetary policies with consistently good results except for Sudan. In all the countries inflation rates have significantly decelerated. Remarkable results have been recorded in Algeria where the annual inflation rate decreased from 29.8 percent in 1995 to an estimate of 8 percent in 1997. Even the Sudan has recently brought its inflation rate under some control from a level of 120.8 percent in 1996 to an official estimate of around 27 percent in 1997, although the situation is still precarious. Healthy single-digit inflation rates continue to be recorded in Egypt, Morocco, and Tunisia. The overall inflation trends for the period 1995-1997 are summarised in the table below:

Inflation Rates in North African Countries
(Average annual percent changes)

	1995	1996	1997e
Algeria	29.8	18.7	8.0
Egypt (mid-year)	8.4	7.2	4.8
Libya	na	35	25
Mauritania	6.5	4.7	5
Morocco	6.1	3.0	2.0
Sudan	56.0	120.8	27.0
Tunisia	6.3	4.0	3.7

(e) = estimates

Sources : National information; World Bank; IMF; Economist Intelligence Unit

The factors behind the relatively low rates of inflation in the countries of the sub-region tend to vary from country to country. In Algeria, the decline in the inflation rate is attributed mainly to the stabilisation of the exchange rate during the 1996-1997 period and the deregulation of many of the previously controlled prices. Presently, inflation in Algeria is driven by changes in prices of products with high import-content, goods that are still under price controls, as well as services, particularly electricity, gas and transport.

In Egypt, the decline in the rate of inflation during 1996 and 1997 is a reflection of a combination of weak domestic demand, more stable exchange rate and tighter fiscal and monetary policies. In Morocco, the low inflation rate in 1996 and 1997 is mainly a result of the very good agricultural performance after a period of prolonged drought resulting in a record harvest that depressed domestic food prices. This trend was further strengthened by the stability of the Moroccan currency especially between 1996 and 1997. In the Sudan, the decline in the inflation rate witnessed in 1997 is believed to have been a result of a more "market-determined" exchange rate that is arrived at by a Committee of Commercial Banks on a weekly basis.

In Tunisia, the factors behind the decline in the inflation rate since 1995 are less easily discernible, given the continued overall budgetary deficit, and the increase in prices, at least in 1997, of certain food products. Official indications note that the low inflation rate of 3.7 percent recorded in 1996 (the lowest in 20 years) was due to (a) favourable climatic conditions, (b) the efforts of all concerned in mastering the level of prices and (c) the adoption of tight financial policies with total money supply increasing by 8.7 percent compared to GDP growth of 12 percent at current prices. It is also possible that the slow down in prices recorded in non-food products such as transport, housing and apparel further dampened the inflationary trend in 1997.

EXCHANGE RATE DEVELOPMENTS

The exchange rates in the countries of North Africa have been stable for some time prior to the 1996-1997 period except for Algeria and Sudan which had a volatile parallel exchange rate relative to the official fixed rate. In Egypt the stability of the exchange rate of the Egyptian pound (LE) has remained a top priority policy of the government. During 1996-1997, there was an increased activity of exchange dealer companies and the rate easily remained stable due to a surplus of the transactions of the Central Bank of Egypt on the foreign exchange market.

Thus, for the Egyptian foreign exchange market as a whole, resources of foreign exchange grew much faster than utilisation during the period at 12 percent and 1.5 percent respectively. The continued capital inflows in 1997 do not seem to have exerted undue pressure on the appreciation of the Egyptian pound. In Morocco, the authorities have resisted devaluation of the Dirham (DH) in fear of its potential negative effects on price and debt servicing levels. Thus, the Dirham remained fairly stable in the range of 9.00 - 9.5 Dirhams to 1 US Dollar during 1996 and 1997. The Tunisian Dinar (TD) remained stable during the whole period under review following the consolidation of the external financial liberalisation policies that Tunisia initiated earlier. This consolidation is envisaged to even extend to the letting of private enterprises manage their own foreign exchange resources and the creation of mechanisms to cover foreign exchange risks; all in an effort to totally liberalise the Tunisian Dinar.

In the period 1996-1997, Algeria achieved increased stability of the exchange rate of the Algerian Dinar (DA) that started in 1995. Thus in 1996, the annual change in the effective nominal exchange rate is officially given as having declined by only 12.6 percent compared to 32.9 percent in 1995. This positive trend resulted from the liberalisation of the foreign exchange markets in Algeria, as well as the favourable performance of the petrol sector that ensured an abundance of foreign exchange resources. Indeed, given the preponderance of the exports of petrol in the country's foreign exchange market, the government, through the Bank of Algeria, can exercise almost monopolistic control of the liberalised foreign exchange market.

In the Sudan, the exchange rate policy has witnessed some liberalisation with the introduction of a Committee of Commercial Banks including the Bank of Sudan which establishes a weekly exchange rate of the Sudanese pound on the basis of demand and supply of available foreign resources. This system has not significantly led to the unification of the established official rate and the parallel market although the margin between the two narrowed in 1997. The US sanctions on the Sudan introduced a new element of uncertainty with the freezing of all foreign transactions involving USA banks. This uncertainty is likely to seriously undermine efforts at achieving an increased liberalisation of the foreign exchange market in the Sudan, at least in the short-term.

Exchange Rate Developments
(Local currency to 1 US Dollar)

	1995	1996	1997
Algeria (Algerian Dinar)	53.31	56.18	57.40
Egypt (Egyptian pound)	3.39	3.38	3.37
Libya (Dinar)	0.345	0.363	0.388
Mauritania (Ouguiya) ¹	181.8	200.0	204.0
Morocco (Dirham)	8.47	8.80	9.42
Sudan (Sudanese pound)	650.0	1345.0	1586.0
Tunisia (Tunisian dinar)	0.95	1.0	1.0

(1) Ouguiya against 1 SDR

Sources : National information; IMF, International Financial Statistics

SOCIAL DEVELOPMENT INDICATORS

EMPLOYMENT

Data on unemployment especially in developing countries are rarely up-to-date, complete or particularly revealing of the actual situation that prevails during a given period. This is partly due to the undeveloped labour market, the large informal sector, the large pool of under employed persons and the significant proportion of the labour force that is in rural areas involved in subsistence activities. Thus the data shown in the table below should be interpreted more as indicative of the recent unemployment trends rather than as a measure of actual unemployment levels. Also, unemployment rates do not often lend themselves to easy comparisons across countries as there are many potential differences in definitions in the official rates such as those cited in the table. Nevertheless, an examination of the unemployment rates within the particular context of each country can give useful insights into the different magnitudes and structures of unemployment in the North African sub-region.

Unemployment rates
(percent of the labour force)

	1995	1996
Algeria	28.1	28.0
Egypt	9.6	9.4
Mauritania	23.1	-
Morocco	22.9	17.6
Sudan	18.5	16.6
Tunisia	15.5	-

Source : National information.

In Algeria, it is estimated that overall unemployment grew in 1996 by 2.9 percent to reach a total of 2.2 millions persons representing 28 percent of the active population. According to the Algerian Agence Nationale de l'Emploi (ANEM), the labour market in 1996 compared to 1995 was characterised by: (a) a decline of 20 percent in the demand for jobs; (b) a structure in which 52.6 percent of those seeking employment had no qualifications and the youth constituted nearly 40 percent of job seekers; (c) a decline of 24.6 percent in the supply of jobs especially temporary ones in the construction and public works sector; (d) a net total of 190,000 jobs were created particularly in agriculture, services and administration. The overall employment situation in Algeria must, however, be seen in the context of the ongoing restructuring of public enterprises, and the associated decline in the level of employment in the industrial sector; the policy of zero growth in the number of government employees as well as the structure of the unemployed. It is in this context that the government identifies

unemployment as a central problem and challenge that will have to be tackled through, inter-alia, the implementation of four specific employment generation components (to accompany the programme for investment expansion) namely (i) launching new public works; (ii) support of activities that involve employment of youth, (iii) privatisation that favour increased employment; and (iv) increasing temporary employment.

While the official unemployment rate in Egypt is given as only 9.6 and 9.4 percent in 1995 and 1996 respectively, it is acknowledged that allowing for misclassification problems the effective aggregate unemployment rate may reach around 15 percent². The government reports that the decline in unemployment in 1996 was a result of the successful creation of a total of 461,000 new job opportunities. This was achieved through offering financing to encourage youth enterprises, free allocation of land and infrastructure for labour-intensive projects and appointing a number of the excessive graduates in ministries deemed necessary such as in the fields of education and health. Thus, as much as 33.6 percent of new jobs were in the social services sector while the rest were in the sectors of commodity or productive services (finance, trade, transport and tourism).

In the case of Egypt, it should be specifically underscored that creation of jobs in administration has limits. Already, it is estimated that government employment has led to serious problems of overstaffing and reducing real incomes and productivity of government employees. It has therefore been recognised by Egyptian policy makers that more long-term and sustainable solutions to the employment problem have to be put in place. This should take into account the worrisome estimates which show that even if migration of Egyptian workers were to remain at the past annual averages, a yearly average of over 600,000 jobs have to be created to keep unemployment rates constant.

In Mauritania, the unemployment rate for 1995 was estimated at 23.1 percent of the active population estimated at 680,000 people. However, due to large rural-urban migration, the unemployment rate is likely to have increased especially given the fact that the formal sector in Mauritania, including government, employs less than 9 percent of the labour force. The resultant high rate of estimated employment in the informal sector translates into a high rate of the labour force assumed to be employed in the rural sector (55 percent) and the urban informal sector (35 percent). These estimates are, in turn, likely to mask the real unemployment problem in Mauritania.

In Morocco, reliable employment data are available mainly for urban areas covering a total population of 14.1 million in 1996 (52.5 percent of the population) as compared to 13.8 million in 1995. However, rural employment is important and agriculture is estimated to account

² See, Egypt: Human Development Report 1995. Institute of National Planning. Nasr City, Cairo, Egypt.

for 45 percent of total employment. The urban unemployment rate declined from 22.9 percent in 1995 to 17.6 percent in 1996. This was in line with the significant upsurge in economic activity in 1996; but the trend is also attributed to the apparent withdrawal of women in the labour market. It is reported that the rate of unemployment of women actually seeking employment in the labour market dropped from 32.2 percent to 22.1 percent between 1995 and 1996.

Sudan's employment structure shows a preponderance of workers in the agricultural sector. In terms of formal employment, irrigated agriculture, forestry and livestock, employ more than 60 percent of the active population. The services sector employs about 30 percent while industry accounts for less than 10 percent. Official employment statistics show a decline in the unemployment rate in 1996 from 18.5 percent in 1995 to 16.6 percent. However, both the estimated level of the unemployment rate and its deceleration are not easy to explain given the overall economic difficulties in the Sudan. It might, however, be due to an increase in subsistence and underground economic activities together with more Sudanese migrant labour to the Arab countries.

Tunisia's economic strategy specifically identified employment creation as an objective to be pursued and the results in the past few years have shown the determination of government to work relentlessly to attain the objective. However, in 1996, there was some contraction in the number of jobs created in the economy as a whole despite the healthy growth of the economy (11.5 percent at current prices). In 1996, the number of jobs created declined from 61,000 in 1995 to around 55,000 falling far below the 65,000 jobs that had been envisaged in the 1996 economic budget. However, it should be noted that relative to growth in the demand for jobs, the new jobs created in 1996 satisfied as much as 89.5 percent of additional employment demand during the year. Some of the important elements that should be noted in the employment market in Tunisia include:

- the effects of the restructuring of the economy including retrenchment in enterprises;
- many government programmes to support employment creation in the private sector continue to receive important public funding amounting to about 112 million Tunisia dinars in 1996.

EXPENDITURE ON SOCIAL SECTOR

Ratios of expenditures on social services are not very comparable across countries as different countries present different kinds of social expenditures under a variety of statistical headings. This is particularly the case in the reporting of government current expenditures in which wages and other types of expenses are not directly identified by sector but rather by Ministries or other lines. Table 7 below, attempts to give some indications of government expenditures on the social sectors of education and health in the development budgets of the different countries. However, such data does not exhaustively reflect government efforts to support the social sector as there are many other important government expenditures in countries like Algeria or Egypt that lie outside the development budget.

Social Expenditures in the Development Budget
(percent)

	1997 HDI ¹	Education			Health		
		1995	1996	1997	1995	1996	1997
Algeria	82	na	17.7	na	na	4.9	na
Egypt	109	12.0	11.5	12.9	2.4	2.3	2.4
Libya	64	na	na	na	na	na	na
Mauritania	150	22.0	22.0	na	na	na	na
Morocco	119	6.0	8.2	na	3.0	3.6	-
Sudan	158	na	na	na	na	na	na
Tunisia	81	15.2	16.6	na	4.7	4.6	na

(1) := Human development indicator

Overall, the countries of the North African Sub-region have traditionally concentrated a significant proportion of their public expenditure on ensuring effective delivery and investment in social sectors such as education and health. As a result, five of the countries (Algeria, Egypt, Libya, Morocco, Tunisia) are classified by UNDP as belonging to the middle-countries according to the Human Development Index (HDI). Their positions in Africa according to the Human Development Index are as follows: Libya (3); Tunisia (4); Algeria (5); Egypt (8); Morocco (11); Mauritania (29); Sudan (33). A brief outline of the nature and extent of government support to the social sector in some of the countries follows below.

In Algeria, the social dimension of development has been traditionally strong. It is this tradition that still underlies many social programmes that are in place even during the period of economic reform involving budgetary controls. There are many areas of social policies of the Algerian government, but the most important include education, health and social protection. The education sector is under review : a National Conference on education and basic training is expected to be held in 1998 to deal with issues of the quality and productivity of the Algerian education system, the sector's management and ensuring a strong link between schools and the socio-economic environment. The sector is therefore likely to remain a top social priority. Health in Algeria is guaranteed by the government and this trend is likely to continue for sometime perhaps with step-by-step changes, at the different stages of the economic reform process. Social protection has historically been an important social policy involving support to certain categories of society that are vulnerable or in economic difficulties and accounted for over 64 percent of the entire government social budget in 1996. This includes the social safety net introduced in 1992, to absorb some of the shocks from the economic reform exercise. It is

important to stress that since 1992; the generalised price support of essential goods was replaced by a more targeted programme of direct transfers to needy groups, a fact which makes the safety net an important component of the economic reforms being pursued in Algeria.

Within the framework of Egypt's Reform Programme, it has been government policy to control and rationalise public outlay. In pursuit of this policy, it has been noteworthy that government has sought to maintain the needed support to the social sectors and has created specific mechanisms to mitigate against the adverse effects of the reform process on society. Indeed, in his speech presenting the State Public Draft Budget for 1997/1998 fiscal year, the Minister of Finance outlined as one of the basis of the budget proposal the following:

Henceforth the new budget will aim at:

- (i) allocating a large part of the Public outlay to be spent on the social basic requirements from education to health and religious, social and cultural services, in addition to procuring subsidy requirements for basic commodities, pensions and insurance advantages.
- (ii) procuring the material stability for the employees and the pensioners as it has been taken into consideration to increase the appropriations allocated for this purpose.
- (iii) continuing the procurement of the necessary subsidy to citizens, especially the low income people, in the areas of food, housing, medicines etc.
- (iv) procuring the investment appropriations necessary to complete the infrastructure and supporting the requirements of the basic services for the citizens especially in poor areas from water, to sewerage, roads, electricity and other vital fields which have impact on the direct needs of the citizens on one hand and which are an essential requirements to create growth on the other".

Although no up-to-date data is available for Mauritania regarding government efforts to support the social sector; it is noticeable that the government has consistently ensured an improvement in the human condition of the Mauritians. Some indicators in the table below are illustrative of this trend.

Social Indicators - Mauritania

Indicators	1995
Life expectancy (years)	51.8
male	50.9
female	52.8
Access to health services (%)	63.0
Access to potable water (%)	63.7
Primary school enrolment (%)	87.1
male	85.8
female	87.5
Literacy rate	50.8

Source: UNDP, République Islamique de Mauritanie, Rapport National sur le Développement Humain Durable 1996.

SELECTED TOPICAL DEVELOPMENT ISSUES

WOMEN IN DEVELOPMENT

A comprehensive study³ of the situation of Women in the North African Sub-region was presented at a meeting on the subject in June 1997 in Addis Ababa. Below is an updated summary of that study.

1. General characteristics

i. Demographic data

- During the last 25 years, Female population in North Africa (Maghreb countries plus Egypt) rose by almost half.
- The fertility rate has dropped between 1990 and 1992, from 6.8 to 5.4 in Mauritania, 5.4 to 3.9 in Algeria, 4.8 to 3.8 in Morocco and 4.1 to 3.2 in Tunisia. This decline reflects the improvement of the status of women in most North African countries.
- Female life expectancy at birth has increased, and is currently above the world average (62.8 years) except in Mauritania:

FEMALE LIFE EXPECTANCY TRENDS

	1960	1992	1994
Tunisia	49	68	69.4
Algeria	48	67	69.0
Morocco	48	63	66.9
Libya	48	63	65.8
Egypt	47	63	65.6
Mauritania	39	51	53.7
Sudan	-	-	52.4

³ ECA/ACW/AHEGM/GN/97/ze. Situation de la Femme dans la Sous-région de l'Afrique du Nord.

- 41% of female population in the Maghreb (particularly in Algeria and Mauritania) is under 15 years of age while 53% is aged between 16 and 59 years, with a predominance in Morocco and Tunisia.
- Education: The involvement of women in the education system is well accepted in the six countries. In Egypt, for instance, the first primary school for girls was established in 1876. However, the principle of girls literacy is inequally followed, depending of countries and less generalised and systematic in the rural zones, compared to the urban areas.
- Illiteracy rate has dropped in most countries, but still continued to affect women compared to men, particularly in the rural areas.

LITERACY TRENDS

	Adult literacy rate (Percent)		Literacy Women/Men (Percent) 1992	Adult illiterate, aged 15 years or more in 1992 (million)	
	1970	1993		Men	Women
Libya	37	74			
Tunisia	31	64	67	1.9	1.3
Egypt	35	50	56	-	-
Algeria	25	59	63	6.2	4
Morocco	22	42	52	8.8	5.4
Soudan	17	44			
Mauritania	-	36	52	0.7	0.4

Source : UNDP, Human Development report

- Activity rate has decreased in the agriculture sector due to less investment in rural areas (particularly in Algeria). This trend reflects also the growing involvement of women in modern economic activities (more pronounced in Tunisia and Morocco).

ii. Family Code

Tunisia was the first Maghrebian country to adopt, in 1956, a code on the Status of Personnel (CSP) which differed significantly from Charia. The code in force in Morocco since 1958; called "MUDAWANA" is very close to Charia. Algeria has adopted, in 1984; a code similar to that of Morocco. In Mauritania, attempts were made to adopt the Charia while in Libya, the code

of conduct for family is mainly based on the Green Book (of Mouammar Kadhafi, the Head of State) and very close to Charia. On the whole, relationships between Men and Women are regulated by rules taking their sources in the Charia, except in Tunisia where family legislation is rather liberal in many aspects.

The code in force in Tunisia is considered as having contributed to the promotion of the advancement of women, giving equal right to Men and Women in many aspects (divorce, heritage, polygamy not authorised, etc). However, there are some disagreements on this view, and a Majority of Arab Ministers of Law has adopted a Code of conduct for Family (CSP) which reaffirms that Charia should remain as the only reference, while maintaining the polygamy and the repudiation.

iii. Overview of situation of Women in selected North Africa countries

For many years, priority has been given to economic reforms in most North Africa countries, with no specific attention to women issues in the process. Therefore, women were more affected than men by the reduction of public investment and spending and by the privatisation process. However, the UN system, including the World Bank, do not want to support projects which do not integrate women affairs.

Table below shows important disparities between men and women in the economic activities. Women are more involved in scientific and technical work. Women are however more represented in the informal sector and in the self-employment. More investigations are needed to set up a strategy of action for the reinforcement of the women participation to economic activity, including their role in the informal sector.

Participation of women in economic activities

	Activity rate	Percentage of women (%)			
		<i>Total active population</i>	<i>Administrative workers</i>	<i>Scientific and technical workers</i>	<i>Share in salaries and wages</i>
		1994	1992	1992	1992
Morocco	-	21	26.6	24.1	16.4
Algeria	24	10.0	6.0	27.6	7.5
Tunisia	30	24	7.0	18	18.5
Mauritania	-	23	8	25	19.5

Most countries have adopted institutional and legal measures for the promotion of women. However, due to the double influence of Islam and modernity station, progress achieved are uneven. On one hand, modern legislation is becoming the norm in the field of work, nationality, trade, human right and freedom. But on the other hand, traditional muslim legislation is still applied, as is the case in the field of the code of conduct for family, except in Tunisia.

The Copenhagen International Convention on equality of right between men and women is the main international arrangement for the advancement of women. This convention has been ratified by Tunisia (1985) and Morocco (1993) with some reserves regarding certain civil rights (sexuality heritage..). Most North Africa countries have expressed their support to the advancement of women by ratifying most international conventions on women. Therefore, there is a need to adapt actual Civil Code in disconnecting politic and religions.

Women are still not adequately involved in the process of making decision, whether at family, community or national level. They are less represented in political groups, public institutions and professional organisations. However, Morocco recently made an important step in appointing women to high Ministerial and other posts.

Women are also under-represented in professional organisations. As a result, the specific problems of women, regarding the conditions of work and the social security remain relatively ignored by trade unions and political groups. Trade Unions are currently making efforts to curb this problem, by reserving a quota of delegates for women (30% of delegates should be women within Moroccan trade Union) or trying to set up a special committee for women affairs (as in Tunisia with UGTT).

Several mechanisms are in place, dealing with issues specific to women. They took the form of a Ministry of Women affairs (Tunisia, Mauritania). In Morocco, such ministry does not exist yet. But, each Ministry has one focal point for women affairs. However the lack of coordination between them affects the effectiveness of the approach. Although, institutions in charge of women affairs do not have sufficient resources to handled their tasks.

Despite mechanisms put in place, there is no institutional structure in charge of the monitoring of the promotion and the implementation of laws related to the rights of women. In Morocco, for instance, the convention to combat discrimination against women has still not been promulgated in the "Bulletin Official"; despite the mobilisation of women Associations.

The following actions are needed:

- To investigate the institutional aspects of the promotion of women;
- To assess national capacity to formulate and implement an appropriate strategy;
- To elaborate a programme of action.

After the World Conference on woman held in Beijing in 1995, North African countries have adopted, at national level, strategies to improve the conditions of women. In Tunisia, the "Plan d'action national pour la promotion de la femme" covers the period 1997-2001 and contains the following measures:

- Measures to facilitate the women insertion in economic activities (information campaign, training ...);
- Alleviation of poverty through the national solidarity front;
- Allocation of more resources to institutional mechanisms in charge of women affairs (Ministry of Women and Family Affairs; National Council of Women and Family; Research and Documentation Centre on Women ..);
- Training;
- Rural development, through the implementation of specific project with the support of UN system.

In **Algeria**, several group training and workshops were organised in 1996 with the support of the Government of the protection and promotion of women. Several recommendations were made and a permanent committee has been established for follow-up. The recommendations made at the end of these workshops have been consolidated into a document which will form a basis for government policy on Women in Algeria. These cover eight broad areas namely (i) Algerian women in a historical context; (ii) women education and training; (iii) wealth for women; (iv) women sports and leisure; (v) women and communication and culture; (vi) women and politics; (vii) women and their social and legal protection; and (viii) women and development

In **Morocco**, the project of a national strategy for the promotion of women is still under discussion at the parliamentary level. Its main axes are:

- Legal protection of women, with specific measures regarding: Moudawana (divorce, repudiation ...); work regulation (contract of work, salary and wages...).
- Education and training, through the extension of the programmes against illiteracy, and the access of women to training programmes;
- Participation of women to decision making;
- Integration of women in political activity through the establishment of (i) a National Council in Charge of Women Affairs and (ii) a Ministerial Committee of Co-ordination;

- Integration of Women in economic activities, with specific credit line to be set up to this end.

In **Egypt**, the General Department of Women Affairs in the Ministry of Social Affairs has initiated a number of projects with NGO support and in collaboration with United Nations Agencies. These among others include:

1. Women's Initiatives Fund Project (with CIDA and FIT) to improve the socio-economic conditions of low income women by assisting them to start new and traditional income generating activities;
2. Project for Rural Women Development (with UNICEF) to enhance Women's economic, cultural and social status;
3. Training Rural Women in income generating and basic skills (with ILO);
4. Rural Women Training Project (with UNFPA).

In **Sudan**, the contribution of women in development is officially recognised given the multiple role that women play in the economy. In areas like western Sudan where the major economic activity is farming or nomadism pastoralism, women are responsible for many social and economic activities that are rarely officially acknowledged. Thus, despite the importance of the role played by women in the economic process they have not traditionally had any particular focus in the successive development plans. Fortunately, this has recently changed and a separate strategy for women has been formulated as an integral part of the long-term national strategy for the years 1992-2002. For the first time the government allocated as much as 15 percent of its development budget to women development programmes.