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DISTR: LIMITED
ECA/EA/MUL/ICE/IV/05
October 1996
Original: English

UNITED NATIONS
ECONOMIC COMMISSION FOR AFRICA

Multinational Programming and
Operational Centre
Gisenyi - MULPOC

Fourth Meeting of the Intergovernmental
Committee of Experts
22 - 25 April, 1997
Addis Ababa (Ethiopia)

ASSESSMENT OF SOCIO-ECONOMIC CONDITION
IN THE EASTERN AFRICA SUBREGION

TABLE OF CONTENTS

	<u>Page</u>
Important note	II
Part I. Overall Economic and Social Situations 1994 - 1995	1
Prospects for 1996 and 1997	3
Country highlights	4
Burundi	4
Djibouti	5
Ethiopia	6
Kenya	7
Rwanda	8
Somalia	10
Tanzania	11
Uganda	12
Zaire	14
1. Performance of the Principal Economic Sectors	16
A. Agriculture, Fishery and Forestry	16
a) Overall Situation 1994 - 1995	16
b) Food Situation	16
1. Commodity Situation	18
2. Cereals	19
3. Roots and Tubers	19
4. Other Commodities	19
c) Industrial Crop Production	20
1. Coffee	22
2. Tea	22
3. Cotton	23
4. Other Major Industrial Crops	23
d) Livestock Production	24
e) Fisheries	25
f) Forestry and Environment	27

B.	Energy	29
a)	Electricity, Gas, and Water	29
b)	Petroleum	30
C.	Mining and Quarrying	32
a)	Diamond	32
b)	Gold	33
c)	Copper	33
d)	Silver and Zinc	33
e)	Cobalt	34
f)	Limestone and Gypsum	34
D.	Manufacturing	34
E.	Transport, Communication and Tourism	36
a)	Transport and Communication	36
b)	Tourism	38

Part II. External Sector

A.	Merchandise Trade	39
B.	Commodity Structure of Trade	40
C.	Intra-Subregional Trade	41
D.	Balance of Payment	44
E.	Foreign Exchange Rates	45
F.	Resource Flow	46
G.	Debt	47

Part III. Fiscal and Monetary Policies and Consumer Prices

A.	Fiscal Policies	48
a)	Revenue	50
b)	Expenditure	50
c)	Balances	51

	B.	Monetary Developments	51
	C.	Consumer Prices	54
Part IV.		Social Developments	
	A.	Population Displacement and Refugee Settlement	57
	B.	Education	60
	C.	Health	60
	D.	Sanitation	61
	E.	Nutrition	62
	F.	Women and Development	62
	G.	Poverty and Environment	63
Part V.		Recommendations	66
		Statistical Annex	71

IMPORTANT NOTE

The purpose of this note is to provide clarifications to certain issues that may be necessary for a clear understanding of this study. The first part deals with the principal reasons that lead to the grouping together of ten countries into what is known, for the purpose of the ECA's work, as "The EASTERN AFRICA SUBREGION". The second part gives a brief overview of the recent developments in the economies and how the study itself fits in. The note concludes with the indications of some problems that were encountered in the preparation of the study. It also has some words of encouragement on the integration plans now undergoing on-site investigations and feasibility studies throughout the region. Please read on as it may answer some of the questions that will crop up in several people's minds as they review the entire study itself.

EASTERN AFRICA SUBREGION - THE PRINCIPLES BEHIND THE GROUPING

The concept of 'Eastern Africa subregion' as used in this study comprises of ten countries. These countries are: (1) the member countries of the Inter-governmental Group for Development (IGAD) - Djibouti, Eritrea, Ethiopia and Somalia; (2) the member countries of the former East African Community (EAC) - Kenya, Tanzania and Uganda; and (3) the member countries of the Economic Community of the Great Lake Countries (CEPGL by the french acronym) - Burundi, Rwanda and Zaire. The attempt to bring this group of countries together falls under the ECA's vision to serve Africa better, sub-divide Africa into groups of building blocks and creative effective partnership among the countries towards a full fledged regional integration, under purview of the African Economic Community (AEC) treaty.

Further, it is a contemplated response to the resolution 810 (XXXI) of the twenty second conference of Ministers meeting held from 6 to 8 May 1996, at Addis Ababa. At this meeting, the Minister reaffirmed their interest in maintaining the operational arms of the ECA - the Multinational Programing and Operational Centres (MULPOCs). They wanted the MULPOCs strengthened to respond more effectively to the needs of countries and those of the inter-governmental organizations - notably the Regional Economic Communities (RECs).

It is to this end that the ECA had tentatively attempted to increase the scope of the Gisenyi based MULPOC to now include the seven countries of the Eastern Africa. This is believed to make for improved efficiency and effectiveness in serving the countries and promoting the principles of economic cooperation and integration, in the region, by both the MULPOC and the ECA. Also, as part of the comprehensive renewal exercise, it is found to be a more efficient system, as against the previous arrangement that allocated only three countries to one MULPOC and twenty three others to yet another.

It is in light of all the above that these ten countries currently stand as a subregion until the entire renewal exercise is completed. Economic developments in the countries and the group were thus defined within this context.

THE ECONOMY.

The recent economic and social developments, in the subregion, point to a steady and favourable upward trend in the performance indicators, since 1993. There has also been detected changes in the correlation between these performances and other events in the subregion.

For one thing, the recent economic and social accomplishments are strongly related to three main explanatory factors: the domestic reform efforts, now common in the subregion, especially for the principal economic sector agriculture; the situation of the nature driven conditions - good weather and the absence of pest infestations; and the availability of markets for local products at prices that support continued profitable production. These set of factors have proven more salient than the traditional ties to the economic changes in Europe or the countries of the OECD where economic growth has been slow. The variation also comes at a time when the world is witnessing what has now come to be termed "donor fatigue".

Consequently, agricultural production and self-food sufficiency ratio have grown, in many countries. Foreign exchange reserves and export earnings remain fairly healthy. Social situation for once stands the chance of improving. Foreign investment, though, has dwindled in some of the countries and in others remained modest. If anything, the opening up of the former socialist economies of Eastern Europe had meant that there are now more needy countries scouting for the dwindling foreign direct investments and donor assistance, in all their forms.

Also, as the developing nations of Asia have come to prove, investments do not go to the countries that need them the most, rather they go to the countries that use them most productively. If thus GDPs are anything to go by, in evaluating productivity, one can confidently say that progress is on the horizon. In almost all the countries of the subregion, even those where economic activities had been studded by suffocating tribal conflicts and retaliatory massacres and wars, economic and social indicators are a little better than they were three years ago.

Under the reform efforts, the private sector and the competitive mechanism now play more pivotal roles in economic development. This accounted for a major part of the progress now being witnessed in all the economic sectors. It is equally an important factor that could help bring the countries closer to the conditions that would lead to enhanced economic cooperation and the physical integration of the entire region, as has been

proclaimed by the Lagos Plan of Action (LPA) and the recently ratified African Economic Community (AEC) treaty. These reforms may also, one day, provide the answer to the conflicts, by the various warring groups, who fight over the control, usage and ownership of large portions of national wealths which had, up to this moment, been publicly owned and mostly controlled by a few individuals under totalitarian rules rather than by democratically earned authorities.

FINDINGS.

Some other problems still remain and equally deserve attention. Most of the countries of the subregion still cannot boast of having the full knowledge of either their accurate production capacities or the consumption powers of their economies. The problem is even more obvious with consumption capacities than with production. This study therefore has as its main objective to evaluate both production and consumption, match supply capacity with available demand and determine the trends of the instruments that are behind any detected changes for each important indicator. This way, meaningful recommendations could be made, on preventable measures to be applied if expectations are bad, and encouraging steps to be taken to boost any bit of good results.

The paper is designed to serve the above stated objectives. However, as the content of the study will reveal for some countries, current statistical data and supporting information could not easily be obtained on several of the performance indicators. This has lead to analysis that sometimes stopped at calendar year 1994 and at other times as fresh as up to 1995. Even data collection mission mounted to some of the countries did not help to resolve this problem, entirely. Extra efforts were, therefore made to obtain fresh statistical data and the supporting information from other sources. The information collected this way were used to supplement those ones obtained from the countries. In all such cases, these other sources were clearly indicated.

Kenya, Tanzania, Uganda and Zaire responded to request for mission and provided very useful data and other information on their economies. Data collection visits were not possible to the war torn countries like Somalia, Burundi and Rwanda, for obvious reasons. Djibouti did not respond to the request for mission, before the initial draft of the report was raised. Eventhough a data collection mission was possible to Eritrea, the country's data collection, processing and management is not yet well developed as the country gained its independence only recently.

Attention is further drawn to the recommendations part of this report. One of the distinguishing features of this part is the marked deviation from the traditional pattern of placing priority, to the various issues of importance to the countries of Africa. This time, the foremost recommendations on the priority list, are not the most important ones among them, rather they are the ones precieved to be the most easily implementable. The approach is meant to simplify the economic management formats for the countries in a

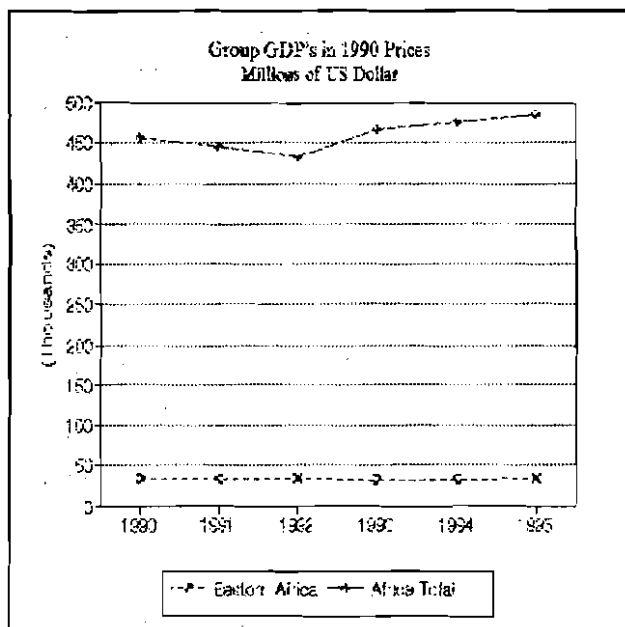
recursive approach. This makes for an easily implementable forward inclusion, backward elimination mechanism for a steady and progressive economic and social achievements.

Finally, the reform efforts, common in the subregion, once more demonstrate that some of the needed solutions for the domestic economic and social recovery also exist domestically. This should always serve as incentive for further actions. However, the full potentials are not yet realized until the countries could come together and follow the footsteps set in LPA and AEC; and entities are finally able to integrate into a common market, to draw on the forces of unity where the individual countries, standing alone, had failed.

INTRODUCTION

Overall economic and social situation in the subregion in 1994 - 1995

1. The economic trends in the Eastern Africa subregion indicate some welcomed recovery in the overall gross domestic product (GDP) and some technical progress in the day to day management of development issues, in the countries. This was also reflected in a slight improvements achieved in the social sector.
2. By in 1995, the subregion witnessed a combined GDP growth rate of 2.8 per cent compared to 0.3 per cent in 1994 and an actual decline of 1.0 per cent registered in 1993. The improved economic performances, in 1994 and 1995, mainly remit from a twin formation: the end of recalcitrant civil wars, in some of the countries, that now allow reform efforts to take hold; and the return of good rains, agricultural producer price incentives and absence of migratory pests during the 1993/94 and 1994/95 crop years.



3. Consequently, some macro-economic stabilities were achieved in many fronts, though at varying degrees in each country. Kenya has implemented structural economic reforms, adhered to financial and monetary discipline and as a result achieved stability and growth in many economic indicators. Tanzania has sustained the reform effort that was started in the mid 1980's with the result of improved macro-economic environment for economic activities in addition to supportive weather conditions during planting periods. Sectors that had been layed waste by massive destructions, due to wars, in Eritrea, Ethiopia and Uganda are now being revived as investor confidence has been boosted and investment is said to be increasing. Djibouti, equally realized some growth because of increased activities in the services sector of the economy.

4. The good economic performances in some of the countries, however, must not lurk the real developments in the other countries, of the subregion, with unsettled political and economic atmospheres. In Somalia, Burundi and Rwanda, economic development and growth were entirely studded by catastrophic political violences and insurgencies, and at other times by self-perpetuating tribal genocides. Eventhough Burundi managed to achieve economic growth rate of 3.0 per cent in 1995, total output compared negatively to the 1990 output level and the country's estimated production potential.

5. The economies of both Somalia and Rwanda both stagnated as the management of economic process, in their countries, had dissolved into derelict states. The carnage continued in Somalia. Rwanda still finds the efforts to re-organize its economy practically marred by the legacies of the recent genocides and the conundrum that hangs over the different tribes and the entire population.

6. The situation in Zaire had gradually developed into economically choking anarchy. The situation is further exacerbated by the wide and erroneous publicity that the country currently receives in the international media. These have partially encapsulated any meaningful development of the economic potentials that may exist, naturally for the country. As a result, the Zairean economic suffered and shrank by -0.6 per cent in 1995 after a decline of -3.9 per cent in 1994 and -13.5 per cent in 1993. The situation is only beginning to improve, however.

7. In the social development front, condition has been fairly good for the politically stable economies and grave for the others. As the situation of social unrests and wars took tragic and emergency dimensions in Somalia, Burundi and Rwanda and also drawing from the previous wars in Eritrea, Ethiopia and Uganda, a total number of 3.9 million people were rendered refugees. This number equalled 27 per cent of the World's refugee population. Many more are faced with destruction and exist in similar state all around the subregion and in the surrounding states.

8. The group's under five infant mortality rate stood at 170 per a thousand live births. Life expectancy only improved from 41 years in 1960 to 49 in 1994 which compares negatively to the entire sub-saharan Africa that witnessed a change from 41 years in 1960 to 51 in 1994. Adult literacy rate in 1990 was 62 for males and 39 for females. This only slightly equals the sub-saharan Africa's averages at 63 and 42 for males and females, respectively.

9. Overall, 1994 and 1995 were years of structural reformations, in the economies. There are popular subscription to commercial principles to drive economic developments. Leaders are also realising that cleaning up past mistakes could be more expensive than getting it right the first time. This has reflected in the good performances achieved in many performance indicators. One thing is still very clear. Reformers still have some distance to travel to reach a policy stance that can support sustained growth in per capita incomes. Integrated management of the economic, environment and demographic matters is still required. The extensive attention and financing required has not yet been fully accorded but the path, however, has been opened.

Prospects for 1996 and 1997

10. The group's short term economic and social development prospects is encouraging. Some progress is already beginning to show. Many governments have demonstrated serious concern for structural reformation of their economies. A good number has also taken the required actions, prepared pragmatic development strategies and formulated innovative privatization policies and social development programmes and allocated budget resources accordingly. Increasingly, free market principles and instruments are being used to shore up efficiency and improve production in all major productive sectors.

11. The second quarter 1996 data already show a sharp decline in inflation in many of the countries, improved agricultural production and a healthy rise in exports. Investment is picking up modestly. The regional markets are proving even more attractive for locally manufactured goods and foreign exchange reserves are available in abundance for import of needed equipment and raw materials.

12. In some countries, there has actually been increases in the import of machinery, transport equipment and intermediate goods which are anecdotal evidence of restocking and rehabilitation in the mining and manufacturing industries. Eventhough the problem of debt overhang will still exist and carnages still linger in countries like Burundi, Rwanda and Somalia, the overall economic and social environment in 1996 has proved friendlier as they have not always been positive. The group's GDP performance is therefore estimated at a growth rate of 4.2 per cent in 1996. The foregoing assumptions are based on practical economic activities, on the ground in these countries, and emanates from the structural reformation programmes that support increased domestic economic activities.

13. By 1997, however, a good number of the countries will be witnessing a receding capital investment impour and a possible weakening of reform and economic management efforts in the absence of large external finances. Current account deficit will possibly expand as countries make further inroad into the import of consumer goods. Most national currencies will maintain their stability against other major currencies of the industrialized countries but increasing domestic economic activities will herald new rounds of inflationary pressures, however moderate. Stemming from all these, the group's economic performance indexed by the GDP will only grow by about 3 per cent, in 1997.

14. On the social front, public investment priority on education, health infrastructure rehabilitation and provision of other social amenities, is common in the subregion. War has ended in Eritrea, Ethiopia and Uganda. By mid 1994 more than seven out of the ten countries had prepared plans or equivalent documents for social development, a record that is expected in all of them by the end of 1998. As a result, the overall social situation is expected to continue improving though at a very slow pace

15. The highlights of the country by country economic and social developments varied in their respective forms.

16. **In Burundi**, the Gross Domestic Product (1990 prices) grew by 3.1 per cent in 1995 as against 2.1 per cent in 1994 and slightly more than 3 per cent in 1993. The improvement in the economy comes from slight but sustained recovery in the agricultural sector, particularly in coffee yields.

17. Agriculture alone contributes about 51.9 per cent of Burundi's GDP; 27 per cent comes from services and 21.1 per cent from industries. The chaotic social climate prevailing in Burundi, due to civil wars and self-perpetuating tribal conflicts, and the poisonous climate that is left behind has inhibited activities in several sectors. Large groups of the active population are known to either be on refugee asylum in neighbouring countries or in refugee - like state within the country. Others energetically contribute to the hostility and carnage that have overwhelmed economic management across all sectors.

18. Industries operate under distressed conditions. Electricity production and power supply are said to be frequently disrupted as a result of battles with rebel groups. Shortages or perpetual absence of power supply is said to cause a great deal of down time for factories. Installed industrial capacity utilization has remained very low.

19. Despite the difficulties of wars, however, the Bujumbura government, has so far, not resorted to indiscriminate money printing to pay the governments wage bills and expenses. Monetary development in the country has thus been good. Narrow money supply (M1) marginally increased in 1994. Quasi money fell by almost 12 per cent. Average consumer price inflation remained about at 14.8 per cent in 1994 and just a little over 19 per cent in 1995. The surge in prices were mostly fuelled by transport and production bottlenecks. Transport also inhibited the movements of both people and merchandise in the already uncertain political setup.

20. The records of monetary discipline is equally attributed to the government's commitment to structural adjustment programmes and effort at making the beleaguered Burundi franc nearly convertible and stable with hard currencies. This has added to shore up confidence in the economy.

21. The political instability now obtained in Burundi had rendered some 400 thousand Burundians refugees, at the end of 1995. The population is estimated at 6.3 million people. Life expectancy at birth is only 50 years by, 1994. Just about 19 per cent of all the life births were attended by trained health personnel, between 1983 and 1994. As the political strife continued in the recent years, much worse social situations of emergency and disastrous dimensions had prevailed, in the country. These have all contributed to dash the good social records achieved by Burundi prior to the disturbances.

22. In terms of the outlook, there are some optimistic developments in 1996. The most important has been the voluntary and non-voluntary repatriation of the refugees from the neighbouring Zaire and Tanzania. Some form of fragile political stability has returned in the country though the recent overthrow of the democratically elected government has sparked economic sanctions by OAU member countries. These changes in events point to very little or no economic growths for the country, in 1996. The most serious threat will be a relapse from the nascent political stability which could quickly lead to deterioration of things, in 1997, especially if the tribal groups start breaking ranks blatantly.

23. **In Djibouti:** The productive capacity of the economy is relatively low with 76 per cent of the overall output coming from services sector alone. In 1995 and 1994, the economy grew by 2.5 and 0.4 per cent, matched against the 1993 performances. The sustained growth in the economy were as a result of the economic restructuring now taking place with the assistance of IMF and concessional financing the government has been receiving from France. Djibouti became a member of the IMF in 1978 and has a total IMF of SDR 11.5m (\$16.6m).

24. Also, the strategic position of the country defines it as an important entry point for goods imported to Ethiopia from the middle and far east. At other times, goods have also transited through Djibouti to Somalia. Apparently, as the war in Ethiopia ended and the economic activities expanded, traffic through the port has augmented and impelled an amplified share of the service sector to overall output and growth.

25. The population of the country is estimated to have grown by 1.6 per cent in 1994 and 1.9 per cent in 1995. Under five infant mortality rate declined by some 45 per cent from 289 in 1960 to 158 in 1994. Life expectancy improved somewhat well from 40 years in 1960 to 48 years in 1994. Crude death rate by 1994 stood at 18 and is higher than that of sub-saharan Africa which is on 15 per cent. There is no major escalation of political conflict in Djibouti but at the end of 1995, Djibouti has a total of 18 thousand refugees on assylum in the neighbouring countries.

26. As for the economic outlook, the wave of import surge to Ethiopia through Djibouti will continue, especially as they prepare to rehabilitate the Ethio-Djiboutian railway line. Djibouti will have access to SDR 4.6m (\$6.6m) reform programme to be implemented between April 1996 and July 1997. Stemming from this, the economic performance already indicate some signs of firming up in 1996 and eventually stagnate in 1997.

27. **Eritrea:** Eritrea has been enjoying a post war economic performances estimated at 8-10 percentage points in 1994 and 1995. Per capita income is estimated between US\$ 140 to US\$ 170. The recent growths are mainly attributed to the recovery of the agricultural sector after the drought effects of 1993 and rain that has returned to majority part of the country since liberation from Ethiopian rule, in 1991. The situation in the country is such that 70 - 80 per cent of the population depends on the production of crops, livestock and fisheries for their livelihood. Estimates put the agricultural sector including livestock and fisheries at around 22 -

25 per cent of the country's GDP. Agriculture, livestock and fisheries sector grew by some 19 - 21 percentage points in 1994 and 1995.

28. Industrial output equally increased, the same year. Installed capacity utilization of public enterprises increased considerably from 62.8 per cent in 1993 to 72.9 per cent in 1994 with slight improvement further recorded, in 1995. Other sectors also contributed to this post war recoveries eventhough lingering pouches of droughts in localized prefectures have all added to dampen accomplishments.

29. The country's social situation is one area that is also defined by the protracted liberation war with Ethiopia. Infrastructures were reported to have suffered severe devastation and certain areas still lacked basic facilities. It is estimated that almost a third of the population is in exile. 500,000 of the refugee population reside in the neighbouring Sudan. There are some 43,526 disabled civilians and 18,000 ex-fighters in the same category in Eritrea. Food security has constantly been a problem in the country remitting from agricultural sector that was ravaged by wars, repeated droughts, environmental degradation. Also farm lands that are laid waste by ubiquitous land mines. As a result of these and problems related to conservation, scarcity of food exists. By 1994 and 1995, total cereal and pulse availability, including domestic production is estimated at 136,000 and 144,000 tons. Local productions only covered 48 per cent of requirements implying that a minimum of 320,000 tons of food must come from imports and food aids.

30. Recent developments, however, point to a better future. The country has initiated a strategic move meant to spur growth in agriculture. Cultivable land is now being increased by moving ventures from small scale irrigation projects, using micro-dams and hand-dug wells, to harvesting surface and underground water resources to irrigate large track of land and thus assure year-round production.

31. The end of wars, drought and planned repatriation of the working populations from their various places of exile will contribute to boost local industries in food processing, fish, textiles and leather products. Second 1996-quarter information, available, already indicate improvements in the country's overall self-sufficiency, in food, though at slow pace. Exploration and mining rights are commonly awarded to both national and non-nationals to explore claimed deposits of gold, oil, chromium, copper and zinc. The country has distinct potential for several of these minerals which so far are promising. The economy is thus going to remain geared up with growths reaching 15 per cent at times until standards and full potential take effect sometime after 1998.

32. **In Ethiopia:** GDP (1990 prices) showed continued growth at 3.2 per cent in 1995 and 3.0 per cent in 1994. The good performances originated from the macro-economic reforms and structural adjustments taking place in the public and financial sectors. Also, the stability achieved in other financial instruments coupled with adequate rainfall during crop planting seasons, all added to buttress production in the country in 1994 and 1995.

33. The most outstanding results were in the agriculture sector. The sector's contribution to Ethiopia's economy amounted to about 54.3 per cent and is estimated to provide employment to 70 - 80 per cent of the local population. Coffee, which is the major industrial crop of the country has witnessed a high turnout, since 1991. Coffee alone brought in quite a good earnings when international prices improved to reach their peak for both Arabica and Robusta, in 1994. Ethiopia has the largest number of livestock, mainly cattle, in the Eastern Africa subregion and as a result of improved local feeds supply, stemming from goods rains, cattle production equally enlarged in the country.

34. In the food sub-sector, timely and well distributed rains supported satisfactory development of crops with bumper harvest in cereals and other food crops in 1995. There was a recorded 5 per cent increase in planting by in 1994, owing to liberalized grain trade and improved distribution of fertilizer which increased by 16 per cent. The absence of pest all completed the combination that make for the good crop year, in Ethiopia, in 1994 and 1995.

35. The good food supply, in 1995, contributed to reduced food prices in Addis Ababa and improved overall consumer price index in the country. Large numbers of refugees from the neighbouring Somalia and Djibouti, and the internally displaced and war-affected people however means that Ethiopia will continue to depend on emergency food aid assistance, though at reduced volume. A large number of Ethiopia's refugees are also still scattered all over the subregion in Sudan, Kenya, Djibouti and Tanzania. Ethiopia's population is estimated to have grown by 3.0 per cent, in 1995 to reach 55 million people.

36. The perspectives of the Ethiopian economy is one of upbeat expectations essentially due to the current reform efforts geared towards increasing the private sector participation in daily economic activities. The combination of underlying macro-economic stability, adequate rainfall and continued donor confidence provides for a positive economic outlook come the end of 1996 and into 1997.

37. **Kenya:** The Kenyan economy reflects a structure significantly different from those of the other countries of the subregion. The GDP grew by 4.9 per cent in 1995, 3.0 per cent in 1994 and 0.2 per cent in 1993. The distinguishing feature of the domestic production structure is that over 70 per cent of the output is generated from non-agricultural activities. Changes in financial and monetary policies mostly define the trend in economic performance more than the variations in weather and other nature driven formations.

38. As a result, the surge in output that was experienced in 1995 were explained by fall in interest rates during the first half of 1995, stable exchange rates and a tight monetary policy that buttressed a slow down in inflationary pressures. The improvements also remitted from the impacts of structural adjustment efforts which fostered macro-economic stability, improved investment climate and the liberalization of the exchange and trade regimes particularly for agricultural products.

39. Agriculture forestry and fishery sector still makeup 29.1 per cent of the Kenyan GDP and grew by 4.8 per cent in 1995. Manufacturing, the second leading productive sector grew by 3.8 per cent. Trade, restaurant and hotels financial and transport sector registered improved output in real terms, of 7.9 per cent, 6.9 per cent and 4.3 per cent respectively. Annualised rate of inflation fell to a single digit level of 1.6 per cent in 1995. Gross fixed investment rose by 16.5 per cent and the balance of trade deficit amounted to Kenyan pounds 2.9 billion. The overall balance of payment worsened by a little under 400 million Kenyan pounds, in 1995. Stability in the value of exchange is begging to show at about 58 Kenyan shillings to one United States dollar.

40. Population has grown at a rate of 2.7 per cent per annum and 1995 projection put the figure at 27.5 million people.

41. As for the principal crops, the continuing stability in the local currency, favourable weather and availability of needed inputs at comparably low prices added to boost productions in 1995.

42. The outlook for economic performance equally seem good for 1996 and 1997. The Kenyan government recently put in place a plethora of economic and trade reform strategies which all seem to be combining in a good way for much more dynamism in the future of the economy. The government is actively pursuing the on-going effort to revive the East African Community (EAC). The coming back to live of the cooperation arrangement is expected to reinvigorate demand, in form of substitute for manufactured goods from Kenya to both Uganda and Tanzania.

43. Quarterly data for the first half of 1996 already indicate that single digit inflation rate could be maintained. Agriculture output will remain up, reaching 5.4 per cent in 1996, particularly for the major crops, coffee, tea and horticultural products. Coupled with the liberal investment policies and market that could be opened for the country's manufacturing sector, the Kenyan economy is set to witness about 5.5 per cent surge in 1996 and subsequent record growths, in real terms, possibly exceeding those of early post independence era.

44. **Rwanda:** The available estimates do indicate that the Rwandese economy significantly slowed down from 1993. Total output declined from US\$2.631 (1990 prices) billion in 1993 to just about US\$ 1.4 billion in 1994 and remained the same, in 1995. This numbers equaled some 48 percentage points contraction in 1994 compared to the 1993 performances and did not show any sign of movement in 1995. The deficient accomplishments in the country were for obvious reasons. The most easily identifiable is the uncertainty generated by the tribal antagonisms and military conflicts and a tremendous degree of uncertainty regarding the potential severity of a relapse in the fragile stability that was later achieved. Other phenomena also existed. The government was faced with Rw fr 11 billion (\$50m) fiscal deficit in 1995 and this is expected to grow in 1996.

45. In human terms, over 2 million people or 28 per cent of the population left the country to seek asylum in other countries. Many multiples were internally displaced or in refugee - like stay within the country. Rwanda alone contributed 58 per cent of the subregion's total refugee population, in 1995. Rwanda's population is estimated to be 7.7 million and 7.9 million, in 1994 and 1995. Under five infant mortality improved from 191 per one thousand life birth to 139, in 1994 but recent developments have worsened the situation. Life expectancy changed slightly from 43 years in 1960 to only 47, in 1994.

46. Only about 23 per cent of the country's one year olds were immunized against polio between 1990 and 1995. The same percentage recieved vaccination against measles. About 47 per cent of the one year olds used oral rehydration therapy between 1990 and 1994. Social infrastructures are faced with destructions or do not exist in many areas flooded with displaced persons. All these had added to the raging tribal conflicts to highlight this country and the exiled population in the surrounding neighbours as a serious flashpoint in world's social and environmental degradation map.

47. The effects of this kind of development on the economy cuts across all sectors and touched almost all issues of existence. Agriculture contributes nearly 40 per cent to the gross domestic production but was flagrantly upset at the onset of these disturbing events. Overall sector performance was skimpy, in 1994 and 1995, as recession in the major industrial crops and food outputs were witnessed. Coffee, for instance, failed from 35 thousand metric tons, in 1990

to just 2 thousand metric, tons in 1994. The drop in production comes at a particularly inopportuned time that the country desperately needed foreign exchange to rebuild and feed the unprecedented number of destitutes from the war.

48. As aggression started to give way to fragile reconciliation in Rwanda, the refugees have been repatriate voluntarily and many returned on their own from both Tanzania and Zaire. On the outlook, some sign of economy recovery has reappeared, by the second quarter of 1996. First 1996 season coarse grains crops are now being harvested in the country. FAO forecasts Rwanda's output could be substantially larger than is 1995 but still well below previous annual averages. The pathetic state of the refugee returnees, however means that Rwanda will still depend heavily on food aid assistance eventhough local production is improving.

49. There are some other positive signs. The government launched a privatization programme for the publicly owned enterprises, in early 1993. Early 1996, process was initiated to hand over the electricity parastatal, electrogaz, to private sector as a way to shore up production, increase efficiency and minimize power sheddings in the country. Rwanda produces 234 million kilowatts of electricity, 4 million from thermal sources and 230 million kilowatts from hydro. Objectives are not yet fully realised but the plan is not dead.

50. After the massive destruction, in 1994, funds are just beginning to arrive from donors for the much needed construction of homes in the country. The Belgium government donated

US\$ 3 million, and announced a US\$ 2.4 million project to build 6,000 homes. The Japanese government donated US\$ 5 million to the UNDP trust fund for Rwanda, in March 1996, with housing topping the priority list. Consequently, pronounced recovery is expected in 1996, and even much more in 1997. One caveat, that concerted effort now going on and directed at complete peace and tribal co-existence is sustained.

51. **Somalia:** The tribal clashes and political problems depicted the downward trends in the economic performances of major indicators in Somalia, since the start of the war, in 1990. The ensued breakdown of planned economic management into chronic disorders also contributed to curtail positive developments and dashed short-term development prospects. Gross domestic production declined by 20 per cent, in 1994, and stayed that way in 1995. Principal sectors were all paralysed especially agriculture with its GDP share of over 60 per cent, to impoverish the entire country.

52. Somalia's refugee population by origin was over half a million, in 1995. There are many other that are internally displaced or in refugee like state throughout the country. The population has suffered from this indigent state of existence and the catastrophic impact of the war on infrastructure and service facilities. Total population is estimated to have grown from 9 million people, in 1994, to some 9.2 million, in 1995. large numbers of people had died and other infected by epidemic rounds of cholera. Infant mortality rate is quite high. Life expectancy only improved from 37 in 1960 to just 47 in 1994. Somalia ranked the lowest in the subregion in the percentage of the population with access to adequate sanitation between 1990 - 1995. Only about 2 per cent of all births were attended by trained health personnel and adult literacy rate had hit the lowest level at 36 per cent for males and just 14 per cent for females, in 1990.

53. Many other sectors of the economy equally suffered serious setbacks including the data collection, analysis and management to determine the impact of the war. The Somalia shilling ceased to be traded officially and different tribal factions had attempted printing their own currencies with varying and erratic rates of exchange to other hard currencies. Recorded export had been limited to less than US\$ 60 million and composed of just livestock and bananas. Total imports have also been restricted to ammunitions, manufactures and fuel products apparently as a result of the currency crisis, continued closure of the Mogadishu port and persistent insecurity hobbling all economic activities in the country.

54. Developments in 1996 are no better than the foregoing background. Prices of food are reported to have increased sharply in the first six months following the meagre 1995 main cereal production, which is some 65 per cent down from the position last year. As a result, the already tight food situation for the impoverished groups of some 240,000 displaced people, 600,000 returnees and large numbers of jobless people has deteriorated even further.

55. Substantial food aid assistance will still be required, in 1996. The very few positive things happening do not suffice to lift the country out of the woods, in 1996 and 1997. The

ICRC had budgeted some US\$ 32.3 million for Somalia's need. A further phase of voluntary repatriation of Somalis from Kenyan refugee camps commenced, in April 1996, and each repatriated person is given some US\$ 60 to purchase equipment and pay for their journey home. All these are all too small for any reversal of the economic crisis in the country even in the medium term period.

56. **Tanzania:** A real GDP growth rate (1985 prices) of 3.9 percentage points was recorded in Tanzania, in 1995, as against 3.0 per cent in 1994. A combination of several positive developments defined the good economic results particularly in 1995. Agricultural sector, the principal economic sector, registered a growth rate of 7 per cent, due to good rains during 1994/95 planting season.

57. Intensive reform programmes now running, in the country, have started to reflect on improved producer prices incentives from liberalized crop marketing and the overall sustainance of reform efforts. A generally good season contributed to an above average crop during this period. However, some pockets of the country are affected by droughts and the presence of some 834 thousand refugees from the neighbouring war torn countries meant that localized food aid assistance is required for the population in those areas.

58. The result of improved macro-economic environment for boosting activities had equally affected the other performing sectors.

59. Electricity and water supply enlarged by 4.4 per cent in 1995 and 14.5 per cent in 1994. Mining activities augmented by 6 percentage points as a result of increased investment and increased utilization of the sector's potential. Transport and communication and the service sector both had output that were amplified by 9.3 per cent and 8 per cent, in 1995. The good accomplishments are attributed to government efforts towards strengthening of all transport modes, communication infrastructure and services.

60. Production, however, curtailed in the other sectors - namely manufacturing, construction and public administration. In their respective order, output in the three sectors shrank by 1 per cent, 40.4 per cent and a little above average level, for public administration. Manufacturing sector in Tanzania is said to be facing problems with the availability of raw materials, adequate water and power supplies and competition from imports.

61. The unsatisfactory accomplishments by the construction and public administration sectors remit from two main sources. The Tanzanian government was no longer spending much on construction. At the same time, the reform undertakings, in the country, emphasis improved efficiency and effectiveness in the delivery of public services through a small, efficient and effective government.

62. Inflation pressures also waned, in 1995. The rate sharply dropped from 36.9 per cent in December 1994 to 26.9 per cent in December 1995. In addition to expanded food harvest,

Tanzanian Government is on record to have restricted growth of money supply to levels consistent with the objectives of attaining macro-economic stability that also contributed to slow down inflation.

63. The balance of payment, for 1995, showed deficits to be the lowest in the last five years. Total deficit amounted to US\$ 176.4 million as against US\$ 284.7 million in 1994. Trade in exports grew by 31.49 per cent whereas imports showed a relatively lower growth. Figures released by Tanzania coffee board indicate that total coffee output was 43 thousand ton in 1995 from 36 thousand tons, in 1994. Most of the yields were mostly of mild arabica and the proportions of hard arabica and robusta are low.

64. Although Tanzania has been implementing reform programmes of panoramic dimensions, it is estimated that more than half of the population live below the poverty line and living standards very low. Population grew by 2.9 per cent to reach 29.7 million people, in 1995.

65. Live expectancy only improved from 41 in 1960 to 52 in 1994. Crude death rate, however, ranked second best to Kenya but only 50 per cent of the population has access to safe water. Secondary school enrolment ratio, between 1986 to 1993, is the lowest among Eastern Africa group of countries, at 6 for males and 5 for females. About 85 per cent of the poor people live in the rural areas. The government has recognized the problems and recently acknowledged the provision of social services as a central element for sustainable human development. Intensification of efforts and commitment were also made to that effect as a matter of pivotal concern.

66. The expectations for overall macro-economic achievements, for Tanzania in 1996, is that output will be reaching 4 per cent growth. By the turn of 1997, the growth rate will even improve further to between 5 and 6 percentage points. The set of combination that make the above assumptions realistic include the current reform programmes on the economic rigidities that inhibited production in the past and good rains that are envisioned throughout the period. Intensification and sustenance of on-going measures to take their effects deeper into the economy in addition to favourable weather will prepare the Tanzanian economy to be bullish during 1996 and 1997 especially for agricultural products though stagnation might still persist in the manufacturing sector.

67. **Uganda:** The economy of Uganda was said to have grown by 10 per cent and 7.7 per cent in 1994 and 1995. These are pronounced improvements when compared to the growth of only 3.1 per cent attained just two years before. On the overall, the government has taken a number of measures with attention focused on structural improvements to mitigate negative factors in the economy and improve socio-economic environment. There has been some consolidation on the peace that returned to Uganda.

68. Basic macro-economic factors are stable. Institutional reforms have enhanced performance. Investor confidence has largely been restored and investment is said to be

increasing. These set of formations are thus the stimulants for the recorded good results especially in the form of increased export earnings from primary commodities. Also there has been increases in trade, growth of manufacturing, mining activities, tourism industry and restoration of basic health and social facilities from the sorry state following rounds of wars and economic deteriorations.

69. The consumer price index showed that the annual rate of inflation incremented from 5.4 per cent in 1994 to 9.6 per cent in 1995. Increase in the prices of goods other than food crops were responsible for the upward movement in the inflationary pressures. Marked decreased have been reported for the first months of 1996.

70. On the social front, the facilities in the country are said to be in a sorry state due to neglect and destructions during period of economic deteriorations. There was thus an upsurge in illiteracy rate, rampant occurrence of diseases and break down of law and order. Adult literacy rate, in 1990, was 70 for male and 44 for females. Secondary school enrolment ratio (1986 - 1993) was 16 and 18 for males and females, respectively.

71. Infant mortality rate (1992) was 104 per a thousand life births. Life expectancy at birth was 44 for females and 43 for males. Preventable diseases are prevalent and levels of mortality and morbidity are high. Government assesses that only a small proportion of the population, about 20 per cent, has access to safe water or medical facilities. Recent policies point, nonetheless, to the fact that reforms have started to restore some stability in the economy and is leading to visible rebuilding of socio-economic infrastructures and reviving growth. Country's population is estimated at 21.3 million people, by the end of 1995. This equalled a 3.3 per cent growth from the last year figure.

72. The situation of food supply is also good. Uganda has never been a food deficit country and according to FAO, the 1995 main season coarse grain harvest which was concluded in December was a record crop. Cassava yields suffered a bit of decline from 3.4 million tons in 1994 to 3 million tons in 1995 due to mealy - bug and mosaic disease out breaks. Total food aid assistance is only necessary for the 286 thousand refugees on asylum, in the country, and some little prefectures of the northern parts of the country.

73. In term of the economic outlook for the country, in 1996 and 1997, the positive trends are expected to continue. According to the Uganda Investment Authority (UIA) there was registered applications for some 1,400 projects worth more than US\$ 2 billion, since it was set up in 1991. The UIA is looking for an investment value of between US\$ 744 and US\$ 850 million by the end of this year.

74. Uganda's public investment priority on education includes rehabilitation and development of physical infrastructure, setting a framework for universal primary education and a curriculum geared toward vocationalization of education. Improvements are being made in the supply of drugs and medical equipment, manpower training, facilitation of rapid response to emergency

and community sensitization on public health matters. Other responses include good nutrition, hygiene and immunization programmes. All these are expected to lead to improvements in social welfare of the population. An economic growth of about 6.0 per cent is thus expected, in 1996 and slightly above 6.0 per cent in 1997.

75. **Zaire:** The gross domestic product (GDP) of Zaire in real terms has maintained negative growth since 1990 and continued that way even for the 1995 provisional estimates. At -0.6 and -3.9 per cent decline in 1995 and 1994, and -13.5 per cent of 1993, Zairean economy is going through a distressful moments. Favourable natural environmental conditions and even changes in economic development plans have been outmatched by social instabilities. Riots, public sector mismanagement and erratic inflationary pressures are some recent features of the country's economic and social developments.

76. Several assessments put the country's productive potential at very high figures and in some sector up to three times the current performances. The agricultural land is considered very fertile. Zaire is a proven treasure trove for very important metals - diamonds, gold, copper, cobalt and other minerals. Realization of these potentials had, however been inhibited by problems of riots, tribal clashes, disorganized implementation of economic plans and labour force with high tendency to resort to violence to settle labour disputes.

77. Derivative of this circumstances are other economic and social malaise. As the economy faltered, in performance and stayed in that line, inflationary pressures of hyper magnitude had recurred at varying times. Steep deterioration were witnessed in public finances illuminated by excessive and galloping growth of deficits. Balance of payment accounts were not spared. Erratic fluctuations in exchange rate of the national currency to major hard currencies was heralded by these changes and the accumulation of external debt climbed considerably. Transport and energy sectors are in substantial crisis where both sector output had witnessed continuous declines, since 1993.

78. Eventhough Zaire had embarked on structural adjustment programmes, since 1983, with the aim of transferring some public enterprises to private managements, the macro-economic instability in the country has not helped the process. Some of the entities slated to be sold are said to have been inoperative for several years. At other times, they are so heavily indebted and the infrastructure so deteriorated and abused that private investors find them mostly unprofitable to operate.

79. Surprisingly, the slower rate of economic decline, in 1995 is a sort of flickering hope for economic recovery and growth. Progress achieved in mining and agriculture, in 1995, are all signs of some optimism in the economy. Though the distribution of agricultural harvest is said to still be faced with transport bottlenecks. In mining, there were increases in the production of cobalt, diamonds, copper and crude oil. Copper recovery stayed on track for the whole year leading to an estimated yields of 36,000 tons, in 1995.

80. In human terms, several social indicators have not been encouraging for Zaire. The population grew by 3.1 per cent, in 1995 to reach 43.9 million people. A good portion of this population had not enjoyed very high standards of living. The under five infant mortality rate only declined from 286 per a thousand live birth, in 1960 to 186 in 1994. Life expectancy improved by 24 per cent from 42 years in 1960 to 52 by 1994. Only 23 per cent had access to adequate sanitation between 1990 - 1995.

81. The percentage of the population with access to health services (1985 - 95) is the lowest in the Eastern Africa subregion at 26, worse than in war torn Burundi, Rwanda and Somalia and far below the groups average at 55 per cent. Adult literacy rate is quite good or about the best in the subregion at 83 per cent for males and 61 for females. Secondary school enrolment ratio (1986 - 1993 gross) is as bad as in the other countries at 32 for males and 13 for females.

82. In the food sub-sector, favourable growing conditions, have led to good accomplishments in harvest of rice, maize crop and other coarse grains, in 1995, but there is substantial post harvest losses. Unfortunate enough, Zaire plays host to over 2 million refugees from neighbouring crisis ridden Burundi and Rwanda and has nearly 69 thousand refugees on assylum in the neighbouring states. According to the UNHCR, repatriation has occurred randomly for these people, out of Zaire, but the faith of the majority still remain uncertain. Tight food situation in the country will mainly originate from this circumstance and relief food aid will still be needed in substantial volumes.

83. For the future, there are signs of improvements now appearing in the economic and social conditions in the country. Coffee and other food crop production did well in 1995 and the favourable conditions are holding for 1996. A spate of price decreases are showing following from the first half of 1996 monthly reports. The state owned diamond mining firm, Minière de Bakwanga (MIBA) expect diamond production to rise to 6 million carats in 1996, from 5.5 million carats in 1995.

84. New washing and grinding equipment are installed, engineers increased with a US\$3.6 Boeing 737 Cargo plane for transportation. The government of Zaire had relaxed an earlier regulation which obliged diamond traders to place 50 per cent of their hard currency receipts from export with Banque du Zaire. Traders are now allowed to buy diamonds locally in dollars. As a result, Zaire's diamond exports jumped by 15 per cent in the first three months of 1996 compared to first quarter 1995.

85. Offshore petroleum prospect is also doing well. The recovery rate for copper and cobalt will increase as the open cast operation reaches deeper levels. All these point to some possible GDP growth of 1 - 2 percentage points in 1996 and about the same by 1997 ending.

86. PERFORMANCES OF THE PRINCIPAL ECONOMIC SECTORS.**Agriculture, fishing and forestry****A) Overall situation**

87. The subregion's data on agriculture, fishing and forestry indicate continued recovery of the sector since 1993 for both industrial and food crops. The sector played a preponderant role in the gross domestic production of the subregion, contributing about 48 per cent of the total production. Output rose from 15.762 billion US dollars in 1993, to 17.52 and 18.3 billion US dollars, in 1994 and 1995. The good performances were essentially due to the end of civil wars in some of the countries, good rains during planting seasons and the virtual absence of migratory pests during the crop year.

88. Growths had been very pronounced in Ethiopia, Kenya, Tanzania and Uganda. In Burundi and Rwanda, slight advancements were also witnessed though realization of full potential including in Somalia was seriously stifled as a result of the misuse and abuse of agricultural land by both fighters and displaced local agricultural population. Actual production stagnated in Djibouti and Somalia and dwindled in Eritrea and Zaire. Djibouti agricultural potential remained low from the beginning as no large quantity of either food or any industrial crop could be grown in the country. The sector only contributed 2.8 per cent of Djibouti's gross domestic production. Zaire suffered disorganized collection of yields and in Eritrea the 1994/95 crop year opened up with slight drought thus affecting the sector output of the subsequent year.

89. Given the preponderant role of this sector and the contribution to the overall economies of the subregion, the recent good crop seasons had also been good for food stocks. The extreme volatility of stocks has reduced especially for the starving conditions that existed among the commonly distributed refugee populations, in the subregion. Magnitude of shortages during the scotch of droughts and raging wars of the 1980s is reduced.

90. The state of insecurity in Burundi and Rwanda significantly muffled the sector activities leaving chronic threat of shortages. The lack of organized crop collection distribution and preservation meant large post-harvest losses in Zaire and continued need for food aid interventions especially for the refugees from neighbouring Burundi and Rwanda.

B) Food situation

91. The overall subregional food situation is at last looking good given the traditional importance of agriculture in the economies and the improved performances of food crop harvests among majority of the countries, in 1994 and 1995. Except for some cases of localized droughts with poor rains as in Eritrea, parts of Somalia and others, major food crops, namely cereals, roots and tubers, pulses, vegetables and fruits showed good yields, in 1994 and 1995.

92. In the horn, Ethiopia had an above average crop, in 1995 though there are still some localized shortages. In Eritrea, food aid requirements increased. Poorly distributed rains was said to hurt crop harvests. Somalia's food supplies was severely jeopardised by continuing civil strife and poor rains during planting periods. In view of these, food situation only improved in Ethiopia but conditions will remain tight and fairly large quantities of food aid assistance will be required in Eritrea, Djibouti and Somalia, in 1996.

93. The conundrum and humanitarian crisis in the Great Lakes countries has remained recalcitrant and intractable, by the end of 1995. Food production has not proceeded well at all as both the massive population displacements and retaliatory tribal massacres in Burundi and Rwanda had successfully put a lid on agricultural activities. Planting and organized harvesting were very poor even in the absence of drought and other adverse agricultural conditions as pest infestations.

94. Zaire had very good weather and high production potential. However, following the poor state of transport and marketing infrastructure between rural and urban areas in the country, the food self-sufficiency remained significantly poor in Zaire. In Rwanda, the output is estimated to be larger in 1995 though the level is far below the average peace-time production records. The group of Great Lake countries is thus still faced with continued food crisis stemming mainly from large number of refugees, internally displaced and war affected people that are scattered throughout the area.

Curbing Post Harvest Losses - A Lifeline for Food Security in the subregion

The world had come to phase the reality of food supply and its shortages as a very important element in the economic and political health of countries, particularly in the very poor nations of Africa. Moreso, as the population grows somewhat rapidly, economic activities have augmented in several frontiers, just as the carrying capacity of the natural environment is being put to question. Futurists foresee food problems as imminent and repeatedly point to food security, as solution. The calls emerge at a time when food aid assistance has dwindled badly with latest collection put at just 20 per cent of requirements. Hence, relying on external food aid could no longer save many countries including those of the subregion. It is therefore necessary to look for other vital alternatives that fills the balance between food production and volume of consumption. One of such alternative is curtailing post harvest food losses. The task is enormous, causes are several and at an average figure of 20 to 45 per cent of total food harvest, the volume is big and could translate into millions of needed food products. This is to say that for these countries to resolutely safeguard themselves against food shortages, and make for long term and sustainable food security, they should establish and maintain adequate food harvesting, storage and handling practices, particularly in rural areas and equally create efficient policy and administrative infrastructures in support.

95. Elsewhere, among the countries of the East, 1995 food production is said to have decreased in Kenya but exceeded the averages in Tanzania and Uganda. In Kenya, low farm gate prices were said to be very low in relation to input costs. The situation therefore contributed to discouraged productions. General good seasons and the resulting bumper 1995 main season's harvests, in Tanzania and Uganda, were responsible for the above average and satisfactory food situation in the countries.

96. Isolated precarious situation is still reported to exist in northern, north eastern and eastern areas of Uganda. Production in these places are said to be severely affected by shortages of inputs and delayed rains. Large refuge populations and droughts in some pockets in Tanzania also means that localized food assistance is required for the people of those areas of this country.

Commodity situation

97. An important element of the overall commodity by commodity disaggregation of food production, in the subregion, reading the table below, is that except for roots and tubers that witnessed declines, all the other commodities showed appreciable progress in 1994 and 1995 compared to 1993 outputs.

Production of selected commodities in the subregion 1990 - 1995
'000' mt

	1990	1991	1992	1993	1994	1995*
Cereals total	16,277	16,865	17,579	17,188	18,292	21,036
Of which: Maize	8,566	8,175	8,553	7,854	9,259	10,467
Wheat	1,173	1,201	1,159	1,140	1,500	1,383
Rice	1,285	1,210	1,012	1,243	1,203	1,383
Roots and tubers total	40,495	40,572	40,654	41,276	36,597	37,896
of which: Cassava	31,612	31,975	31,896	32,471	27,816	28,803
Potatoes	1,483	1,613	1,523	1,558	1,509	1,461
Pulses total	2,589	2,728	2,608	2,626	2,454	2,667
Vegetables total	3,699	3,742	3,678	3,568	3,642	3,906
Fruits total	19,842	20,121	20,145	20,619	21,021	20,991
Cow milk	4,574	4,390	4,237	4,194	4,284	4,392
Meat total	1,351	1,352	1,341	1,351	1,358	1,344

Source: FAOSTAT, FAO, 1995.

* Estimates

Cereals

98. Cereal production reached 18,292 thousand and 21,036 thousand metric tons, in 1994 and 1995 or 6.42 and 15 per cent growth above the performance of the previous year. Maize alone contributed 51 per cent of this overall volume and recovered well in absolute quality during the crop period. Better than average outputs in Tanzania, Kenya, Ethiopia and Zaire all were responsible for the amplified cereal yields, in 1994 and 1995.

99. Ethiopia which is the pronounced wheat producers, in the subregion, gathered a bumper harvest, significantly above the previous year's volume, in 1995. Paddy rice production also performed well in Tanzania, Uganda and Zaire to increase the total cereal levels during this period as against the 1993 outputs.

Roots and tubers

100. At a total volume 36,597 thousand and 37,896 thousand metric tons in 1994 and 1995, roots and tubers harvests represent a retreat from the total 1993 output of 41,276. Cassava harvest make up about 76 per cent of the commodity output and has dwindled since 1993. Even with the slight surge in Cassava production in 1995, total volume does not match what it was at the end of 1993. This same trends are obtained in the major producer nations - i.e. Zaire, Uganda and Tanzania. In spite of good rains and fertile soils, dilapidated road and transport infrastructure explain the declining pattern that Cassava output has taken in Zaire.

101. Harvest in Tanzania and Uganda in 1995 reflected recurrent problems of mealy-bug and mosaic disease outbreaks that affected productivity. The other producers recorded non-significant changes and in Burundi and Rwanda, the impact of civil strife on agricultural activities and shortages of farm inputs explained the declines. All these factors illustrate the lull output of root and tubers below the position of 1993.

Other commodities

102. Driven by reported good rains during the planting season in Ethiopia, Tanzania, Uganda and Zaire, in addition to improved crop and fertilizer distribution, the production of other food items equally expanded. Total pulses, vegetable and cow milk production augmented slightly in both 1994 and 1995. Fruits and meat production, however, still reflected some slow down in their total volumes, in 1994 and 1995, putting the entire subregion in a very good position as far as food requirements are concerned.

103. In terms of short term outlook, the above indications point to a recovery of food outputs in 1995. The market, as far as demand and supply is involved, could still be classified as extremely volatile because of the rapidity of the erosion of cereal stocks from the consuming population. Estimates of yield by the mid 1996 has been very good, though.

104. Increasing number of farming population that had fled their farms are now being repatriated to their production bases in countries like Eritrea, Ethiopia and Uganda, at the same time that they are witnessing the return of good rains and reduced pest infestations. Should the trend continue, overall food outlook for the subregion look quite satisfactory. Realizations are expected to exceed 1995 levels by over 10 per cent in 1996, and about 5 per cent in 1997.

105. The major risk to the above scenario however, is the threat of civil unrest, mismanagement and discontinuation of incentives that have come to farmers with reform efforts, common in the subregion. As food aid assistance dwindled seriously, as forecasted by the FAO, wide fluctuations in prices will be the norm both domestically and internationally, in the coming years. Post harvest preservation and storage should have to be drawn up from the already low opening levels, in the already installed nations. The aim should be to reach over 17 - 18 per cent range that FAO, for instance, considers the minimum necessary to safeguard world food security.

C) Industrial crop production

106. The subregion has very limited number of cash crops though the volume of production of the available ones has remained fairly high, as a portion of world output, when compared to the subregion's geographical size and total population. The group of countries has a pronounced lead in the production of coffee, tea and sisal. The Arabica and Robusta prices surged to reach their peaks of US\$ 5 and US\$ 4 per kilo in 1994. Consequent to these changes, major producers earned good money at a time that most among them enjoyed a boom in production. Overall gross domestic output was enhanced as a result of the increased value of coffee exports to reach 60 and 10 per cent of the total sub-saharan Africa and the global coffee output respectively. The aggregate share of tea stands at average of 80 and 10 per cent of the sub-saharan Africa's and world total volumes. The production of sisal is limited to just three nations but overall output has also been impressive at an average of 78 per cent of total sub-saharan Africa's output, since 1990.

107. At individual crop levels, outcomes have varied. Production slightly recovered in 1994 for coffee and cotton after signs of subsiding out-growth in 1993. The world-market coffee prices showed some substantial improvement at the onset of 1993/94 crop season from the poor position.

Reforms in agricultural sector in the subregion

How far ?

The governments of the Eastern Africa countries have taken steps to overhaul agricultural policies and initiated a wide range of measures, some dating back to 1986, that are aimed at increasing production. Producer prices have been revised upwards, price control on inputs and outputs reduced and trade liberalized to shore up confidence in the markets.

On the food crops, the liberalization of the grain marketing, particularly cereals, represents a marked shift from the countries' previous policy stance. Traders and other groups have assumed the role in inter-regional and intra-regional marketing of grains. Consequent to this, production is reported to have grown in some of these countries, with a good chance of strengthening the very slight food surpluses in some and reducing deficits in others.

Cash crops, mainly coffee, tea and cotton are also affected. Farmer's cooperatives and private traders are now allowed to compete with marketing boards. The cash crops could now be sent straight to the auction floors under the names of producers to enable them reap profits from cuts in marketing costs and quality premia. Farmers henceforth purchase inputs from any source and commercial principles play more prominent roles.

Technical progress are thus beginning to show and accomplishments have been very encouraging. The reforms and combined effect of improved marketing procedures and distribution efficiency afford both farmers and the governments some life time opportunity to increase production, handle products better and increase yields through competition.

Output of coffee '000' mt by major producers

1990 - 1994

Country	1990	1991	1992	1993	1994
Burundi	33	34	37	23	30
Djibouti	-	-	-	-	-
Eritrea	-	-	-	-	-
Ethiopia	204	210	216	180	180
Kenya	104	86	85	75	79
Rwanda	35	26	39	27	2
Somalia	-	-	-	-	-

Country	1990	1991	1992	1993	1994
Tanzania	54	46	56	57	34
Uganda	129	147	110	145	198
Zaire	96	92	107	53	81
Sub-regional totals	655	642	651	561	639
Sub-saharan africa totals	1,247	1,167	1,063	957	1,032
World totals	6,064	6,066	5,990	5,780	5,511

1) Coffee

108. Aggregate coffee production in the subregion, in 1994 stood at 639 thousand metric tons or 14 per cent growth over the total 1993 yield. A sharp rise in Uganda's coffee production up to 198 thousand metric tons from 145 thousand metric tons in 1993 and realizations amounting to 79 thousand metric tons in Kenya were the principal reason for improved sub-regional output in 1994.

109. In Ethiopia, total yields witnessed a break in the upward trend after 1992. At an output of 180 thousand metric tons, in 1994, the country's production figure has not changed, since 1993. Zaire and Burundi managed to enlarge their coffee production performances by 52.8 and 30.4 percentage points, each, though overall quantities are not very large. For the remainder of the countries, production remained fairly modest but the declines of 40 per cent and a near total production wipe out of -93 per cent in Rwanda are some of the unwelcomed records of 1994. Of late, variable cost of coffee production point to continued increases. As the economies diversify, proportional contribution of the crop to overall agricultural sector is, however, declining. Sluggish movements in world market prices are indicative of only slight expectations of good earnings, in the coming years, where only for few low-cost producers of the subregion, do prices remain sufficient to support adequate husbandry.

2) Tea

110. After a global recovery of 8.61 per cent in 1993, tea production shrunk by -0.79 per cent, in 1994 due to inadequate supply of outputs, aging trees and low outputs in producer nations. For the subregion with an average of 80 per cent of regional output and 10 per cent of world Tea output, yields from last harvest tapered off by -2.2 per cent where production for the 1994 crop year amounted to 258 thousand metric tons as against 264 thousand metric tons in 1993. Declines in harvests were shown in Kenya which contributed over 81 per cent to the group's realizations.

111. The very moderate decline, in Kenya, from 211 thousand tons in 1993 to 210 thousand tons in 1994, was as a result of crop losses and slight drought that was experienced in the country during the early part of the crop year. Tanzania and Uganda both expanded their outputs very slightly. Production stabilized in Zaire, Ethiopia and actual declines were witnessed in Burundi and Rwanda. The magnitude of declines were up to 50 per cent in Rwanda though actual production remained insignificant at 10 thousand metric tons in 1993 and 5 thousands metric tons, in 1994.

112. Tea is an estate crop. Poor condition of the estates due to lack of rehabilitation and processing factories have inhibited the crop performances in the subregion. Even the supplemental and peripheral outgrower schemes suffer from same circumstances. The future of the crop has only began to look good in countries like Kenya, Tanzania and Uganda which had initiated reforms aimed at repossession and management of most agricultural estates and processing machineries by the private operators. Producer prices in these countries have also been regularly revised upwards and continue to be attractive lately. World market for tea seem to have stabilized and favourable for a subregion that control over 10 per cent of global production of the crop.

3. Cotton (Lint)

113. Cotton is produced in all countries of Eastern Africa except Djibouti, according to FAO records. Production and export had however, remained depressed since 1991, in the subregion, inspite of international prices that have remained favourable and domestic changes in policies aimed at boosting output. Output dropped from 145 and 120 lint in 1991 and 1993 to 114 lint in 1994. Similar trends equally occurred in the producer countries of the subregion- Tanzania, Ethiopia, Kenya, Uganda and Zaire. Actually, production surged for Uganda by 50 per cent between 1990 and 1994 but remained at the same level for Zaire throughout the last four years.

114. Slow delivery of inputs and slight drought that took place in Tanzania, Ethiopia and Kenya slowed down crop activities, by -5.4, -6.6 and -20 percentage points, in these countries, when matched against the previous years' attainments. Subsequently, the sub-region's share in sub-saharan Africa's output declined from 12.3 to 11.1 per cent and from 0.72 per cent to 0.618 per cent of the global stocks.

Other major industrial crops

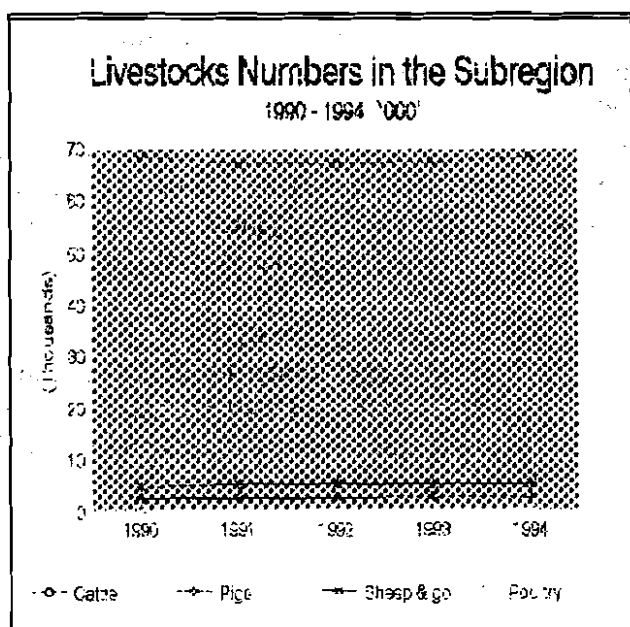
115. The other industrial crops produced in the subregion are sugar and sisal. Harvest of these cash crops both waned in 1994 and the average yearly output accounted for 0.7 per cent of global stock for sugar and 21 per cent for sisal. Djibouti is the only country without any known economic production of sugar. On the other hand, only Kenya and Tanzania accounted for nearly 100 per cent of the group's sisal yields. In both countries, there has not been any

registered growths rather production stagnated in Kenya at 34 thousand metric tons and dwindled in Tanzania from 33 thousand metric tons in 1993 to 30 thousand metric tons, in 1994. Overall sub-saharan Africa's, output showed the same pattern with decline of -4.5 per cent, in 1994.

D. Livestock Production

116. From the following table, livestock numbers in the subregion declined continually since 1990 and only recovered slightly by 1994. The negative movement is attributed to efforts of the farmers that had been frustrated by rapid increases in livestock input-prices especially after the decontrol of prices and lack of raw materials needed for energy and protein requirements. Stagnation was more evident in the number of cattle stocks which stood at 68,327 thousand stocks in 1994 or the equivalent of less than a percentage point growth from 1990 figure. Cattle stocks stayed somewhat stable in Ethiopia (excluding Eritrea) the largest producer in the subregion, at 29,450, in 1994.

117. In Tanzania, total stocks only shifted a little from 13,047 in 1990 to 13,376 in 1994. The other major cattle rearing nation, Kenya, registered some reduced stock number which amounted to 11,000 herd or over 20 per cent below the 1990 level.



118. The total number of pigs, sheep and goats were the same, in 1994 as in 1993. At the same time, their proportional contribution to overall livestock numbers has remained relatively small in all the producer countries though growth in number of pigs were recorded Zaire, Uganda and Tanzania at 1,130, 910 and 336, in the respective countries, in 1994. These were

just the same numbers that were achieved in 1993. Some of the reasons cited for stagnating production is that stocks are mostly handled by the peasant farmers who continue to face difficulties with animal feeds. Farmers in high rainfall areas are constrained by scarcity of or too expensive animal feeds. Also, new technology in breeding systems are widely unavailable in the remote areas and to the poor and uneducated nomadic herders.

POULTRY

119. Poultry stocks showed some good movements in the numbers, between 1990 and 1994. At an estimate of 174 million stocks in 1994, production has augmented by more than 9 per cent from 1990. Just about five countries, Ethiopia, Zaire, Kenya, Tanzania and Uganda produced 93 per cent of whole subregion's total stock. Waning production that have eventually stabilized in these countries go a long way to account for the minimal fluctuation in subregion's record of 1994.

120. The production performance of the subsector is highly dependent on availability of feeds. Also, like all other livestock production, improving stocks through artificial insemination is virtually non-existent while a disproportionate number of veterinary vaccines and virtually all drugs cannot be manufactured locally thus implying that they are unaffordable to local farmers.

121. During the periods of droughts, high number of die-offs are experienced particularly due to water scarcity and over dependence on nature for feeds production and processing. Depending on the area and country in question, feed costs accounts to nearly 80 per cent of the total egg production cost which when added to equipment and veterinary expenses could be a discouraging element in the whole production process, especially where sale prices are not high enough to compensate for all these expenditures.

E. Fisheries

122. Out of the ten countries of the subregion, only Eritrea, Somalia, Djibouti, Kenya and Tanzania have stretched coastal line that open into the Indian Ocean. Zaire, on the other hand, has only about 40 kilometers of ocean coast and the rest of the countries are landlocked though with varying high volumes of fresh water lakes and rivers. Total fish and fish product in tonnage from the subregion amounted to 1180.6 thousand metric tons, in 1994.

Fish and fish products in tonnage among producers '000 mt

	1990	1991	1994*
Burundi	17	23	26
Kenya	142	199	219
Rwanda	3	4	4.8

Somalia	18	33	39.9
Tanzania	377	400	484
Uganda	245	255	213.3
Zaire	162	160	193.6
Total	964	1074	1180.6

* National sources and ECA estimates

Source:- FAO State of Food and Agriculture 1995 Electronic Product.

123. Production has been on the rise and grew by a little over 22 per cent, in 1994, from the 1990 production. Tanzania produces a large bulk of the total subregional output with most of it coming from marine sources. Artisanal fishermen accounted for the largest share of the activities in the sector in the country and performance has been stifled since 1990, as a result of high prices of fishing gears and its shortages. Total landings thus grew by just 27 per cent from the 1990 position to reach some 484,000 metric tons in 1994.

124. In Kenya, Uganda and Zaire fishery sub-sector has veritable potential as both source of employment and food protein though due recognition has not been accorded to the sector in terms of resource allocation. Total production in Kenya is estimated at about 240 thousand metric tons mainly from marine sources, inland lakes and dams. Production potential of the marine sub-sector is estimated at about 260 thousand metric tons whereas current landings stand at only 10,000 metric tons. Total fish exports were 14,280 metric tons and is expected to grow during the 1996 - 1997 production periods.

125. The government of Uganda now encourages both public and private enterprises to exploit the country's fishery resources and has achieved some degree of success. Overall production in 1994, however, registered a significant fall from the level achieved in 1990 due to poor state and limited commercial trawling activities on lakes Victoria and Kyoga. Also, the government of Uganda has enforced regulatory measures to stop indiscriminate fishing by the local fishermen. The spread of the rapidly regenerating water hyacinth (weed) equally has adverse effect on local fish industry on the large lake waters of the country.

126. In Zaire, total catch mainly from the lakes and other fresh water sources has grown steadily since the 1990 level of 198 metric tons to reach an estimate of 261 metric tons in 1994. Again, work done in this area are mostly artisanal and disorganized marketing and storage is said to inhibit the sector from reaching the huge potential that lie unharvested. Similar state of affairs is obtained in Burundi, Rwanda and Somalia where due to the dissolution of planned management system into self-perpetuating war situations production potential cannot be attained.

Eritrea with over 1,200 km of coastline has some economic potential for internal consumption and export. Eritrea's fishing industry is now being revitalized along the length of the coastline by supporting and developing artisanal fishing communities.

127. The country now establish boatyards, cold storage, processing and grading facilities. Workshops for fishermen are being conducted at the same time that loans have been made to repair existing boats and start fishing industry related businesses. Present fish catch in the country amounted to just 4,600 metric tons though maximum sustainable yield is put at 70,000 metric tons. A good portion of the output is made up of pelagic and demersal fish.

F. Forestry and the Environment

128. The situation of both roundwood and fuelwood production now represent a clear sign of the diminishing potentials of the forestry, in the subregion. By 1994, total roundwood production stood at 201,027 mt and amounted to just only 1.4 per cent expansion from the 1993 levels as against about 6.3 per cent growth in 1992. Among the major producer nations, in the subregion, Ethiopia, Kenya, Tanzania and Zaire, total output stagnated in 1994.

Total wood production in the subregion 1990 & 1994
'000 metric tonnes

Year	Roundwood		Fuelwood	
		% change		% change
1990	183,624		155,111	
1991	189,169	3.0	160,030	3.1
1992	195,079	6.3	165,072	3.1
1993	198,087	1.5	166,998	1.2
1994	201,027	1.4	170,259	1.9

Source: FAO - State of Food and Agriculture, 1995 electronic product

129. Fuelwood production displayed the same pattern of growth. Whereas total production climbed by more than 3 per cent in 1992. The state of production has changed and faltered to stay at only 1.2 and 1.9 percentage growths in 1993 and 1994. The decreasing yield, even as increased pressure and demand is mounted, clearly point to one thing and that is the fragile condition of the forest resource basis and the alarming rate of depletion.

The overall export especially of industrial roundwood, also reflected the state of domestic production. In 1994, total export witnessed a slight decline and for major producer nations point to increased hardship and reduced foreign exchange earnings.

130. The ebbing of trade of the industrial round wood, as commodity, is as a result of the convergence of three problems - increased internal demands, inadequate management of the planting and harvesting system, and the consequence of rapid decline of the supply sources - the natural forests. All these point to the need for effective re-evaluation of the entire approach of both supply and demand of natural forest products. There should be a review of the pressure right now being put on the environment, especially to stop bad management effects on several areas bound to adversely affect production in the future.

Deforestation

131. At the first glance, one sees an obvious trend in the way economic and social hardships are manifesting themselves in the forest resources of the subregion. The growth of poverty and social unrests have induced the population and poor farmers to fell forests to eke a living from the land in the bid to survive traumatic and imperative poverty.

132. Further, there is the pressing needs on these poor nations to gain foreign exchange. Emphasized external liberalization - to produce mainly for exports, has lead to tripled rate of exploitation of their forests since the late 1970's. Without vision or focus on the consequences, the people often are forced to act unsustainably in order to live. Combined with the trauma of wars, droughts and large production of refugees, the countries of the subregion loose an estimated 0.5 to 1.8 per cent of the tropical forest each year.

Investing in the environment - How affordable

Virtually every country in the world contributes to global warming and will suffer from it. The Eastern Africa subregion stands as no exception. The countries also suffer from the global "greenhouse" gasses emitted by the use of carbon as energy. In the aftermath of the Agenda 21 by the UNCED at Rio de Janeiro 8 to 14 June 1992, countries are supposed to impose regulatory measures for environmental protection. The convention, however, recognizes that countries that grew rich on fossil fuels and still burn excessive amounts of them should not prevent poorer nations from raising their standards of living by developing their own energy potential. Carbon fuels will thus continue to supply a high percentage, sometimes the whole 100 per cent, of the energy needs for these countries. Any pressure to increase the non-polluting alternatives are known to pose the threat of causing other problems including heavy financial burden and retardation on meagre industrial progress already achieved. In the light of this, "green house" effect and environmental pollution will continue to be a problem.

Increased refugee population will also constitute a major problem as regards to deforestation and the savanization of agricultural lands. At camps, refuse disposal, abuse and over-use of forest resources and disposal of non-degradable materials constitute major environmental threats. This is to say that the world can only manage the environmental and climate change through global cooperation. Activities addressing land degradation, savanization and primary desertification and deforestation, as they relate to environment, thus need to receive increased attention and eligibility for funding under the global environment facility. Major recipients of high influx of economically disadvantaged groups as Zaire, Tanzania, Kenya and Ethiopia all qualify under this condition. The dilemma in each of their cases is that they have intentions and strategies to help manage the global environmental malaise, but can only employ meaningful correctional agenda and carbon emission reduction measures if only someone can help them pay for it. Greater commitment to technology must come to help make alternative source of energy feasible in developing countries. These poor nations cannot afford large scale changes that have not already proven their economic worth in day to day living.

133. The possibility of these countries attempting to apply some form of regularity measures and reverse the process is non-existent. The possibility of directing resources from the north to the south for the protection of forests and other natural endowment have been suggested. A look at other instruments that carry significant impacts on ways to reduce the long term repercussions and to achieve a more rational use of natural resources deserve attention too. Deforestation, loss of biodiversity and poor management of solid and hazardous wastes all accelerate atmospheric change, endanger land and water reserves and constitute a serious health risk to all.

134. The question of sustainability, however, has a very specific connotation for developing countries whose economies are essentially rural and agricultural and more directly dependent on natural resources than those of the developed nations. Careless use of the resources at varying times and at increasing degrees therefore has unfortunately been having direct effects on the health, productivity and sustainability of these economies.

B. ENERGY

135. At the heart of various subregional development programmes and continued sustenance of the level of progress in economic development, so far achieved is energy and the regularity is its supply. Energy has linkages with other sectors of the economy and plays some crucial role in day to day economic development and management.

136. In 1994, there are indications that the subregion experienced increases in its energy consumption as the economies picked-up in dynamism. This is also necessitated by expanding development needs and rapidly expanding population that increases activities in all frontiers. The rising consumption cuts across various form of energy sources though production has not augmented at the same rates leading to power shortages.

a) ELECTRICITY, GAS AND WATER

137. Energy for both industrial and domestic needs in these countries, is harnessed from three major sources, petroleum fuels, electricity and woodfuel. Electricity supplies most of the industrial activities and approximately 70 - 80 per cent of the domestic energy requirements come from fuelwood. Other minor sources of energy include, wind, solar, ethanol, geothermal, coal and biogas energy.

138. During 1994, overall energy production climbed by 12.9 per cent with a total value reaching US\$ 385.73 million dollars as against US\$ 342 million dollars, in 1993. The sector's contribution to the gross domestic production however ebbed in 1994 to amount to just 14 per cent when likened to 16.8 per cent that it was in 1990. As GDP has grown, demand equally augmented though energy production did not rise at the same rate resulting in frequent and protruded power shedding in some of the countries.

139. In Uganda, total electrical energy generated in 1994, amounted to 1,017.9 million kwh representing some 4 per cent surge when compared to the 1993 performance. Most of the increase comes from hydro supply which Uganda is said to have in abundance and that has been growing steadily since 1990. ...(PUT ZAIRE)

b) Petroleum

140. Petroleum products are a major source of energy in countries nda for industrial, transport and lighting activities. National requirements for this energy source are said to be met entirely from imports.

141. The energy consumption pattern in the other countries of the subregion has remained fairly stable and the major sources were petroleum and biomass products. Local production of petroleum virtually does not exist so requirements are mostly met from imports.

142. There is no much production activities in the subregion. In Zaire, petroleum production is said to be edging upwards and should pass the 30,000 bpd mark in 1995 after reaching an average of nearly 29,000 bdd in 1994. Last year's output of nearly 1.45 mt marked a clear improvement over the previous year when production shrank to 1.14 mt as a result of looting and destructions that existed in the country.

143. Offshore development activities have also resumed by Zaire's gulf oil - chevron and are already compensating for the decline of several fields. Offshore discoveries and reserves could reach up to 80 million barrels according to independent estimates. Chevron is thus investing some US\$ 500 million in developing offshore points owned by its local divisions. This implies that production estimates of about 1.5 mt for 1996 and about the same in 1997, in Zaire alone. Production will stagnate in 1997 as no new deposits of any staggering economic quantities are expected but exploratory activities and new investments will still hold production from declining from the current levels.

144. In Kenya, petroleum fuels provide over 80 per cent of all commercial energy, transport, industrial and agricultural sectors. In 1994, import bills were said to have risen very rapidly due to the declining value of the Kenya shillings against hard currencies. Demand for petroleum fuels thus increased only slightly by just 1.2 per cent, in 1994, and actually declined by 4.2 per cent in 1995 as against the 1993 levels.

145. The declines in 1995 was as a result of some slow down in the consumption of liquified gas, gasoline, illuminating kerosene and fuel oil. Automotive and industrial diesel oil on the contrast witnessed some increases in the total demand, in 1995. Electrical capacity is to the tune of some 842 mega watts (mw). Power generation, however, is met sometimes by expensive oil-fired generating facilities during drought.

Sector prospects -1996 and 1997

146. Electric power and petroleum provided the bulk of energy requirements for the industrial and commercial activities throughout the subregion in 1994. There is also great potential for exploiting other new and renewable sources of energy such as solar wind, biogas, gasoil and geothermal power.

147. As an overall energy sector strategy, quite a good number of the subregional countries have anchored their development plans on ways for expanding the available capacities, sustainable exploitation and conserving the bio-diversity and renewable energy resources. The wave of ethnic violence that has lead to continuous assaults on electricity and water distribution equipment are now subsiding in places like Eritrea, Ethiopia, Somalia, Uganda and Zaire.

148. In Djibouti the Caisse Francaise de Developpement (CFD) approved a Ffr 61 million (\$ 12 million) loan to the Electricité de Djibouti in late December to help build up the capacity of the Boulas power station in the suburbs of Djibouti. This amount equals three quarters of the Ffr 87.3 million required for the project on a new 11.5 Mw diesel - powered generator, the renovation of a lot of equipment and provision of institutional back up, network operations and training.

149. Ethiopia commissioned work to start on the Calub project to produce 65,000 t/year of motor and household fuels from the wet gas deposit in the ogaden region. Production start up is set for August 1997. Other projects are also expected to turn up 21,000t annually of LPG, 16,000t of gasoline, 13,000t of diesel fuel and 15,000 of kerosene. The country's consumption of butaine will be boosted four-fold but new yields will cover 50 per cent of country's need of kerosene and diesel fuel as well as provide all the gasoline required in the eastern part of Ethiopia. This will also enable Ethiopia to reduce its overall imports by 10 per cent and the amount of firewood that is currently burned for household purposes.

150. Kenya, Uganda, Tanzania and Zaire have maintained high degrees of energy development relative to the level of economic activities. Donors pledged to step up the disbursement of new loans in 1996 to the tune of US \$ 730 million, in Kenya. Separately, the International Development Assistance (IDA) loan for the country's long-installed energy program mainly for electricity was increased from US \$100 to \$150 million. 1996 should see the commencement of planned separation of production, transmission and distribution functions to improve on efficiency. Formal invitations are to be issued for private power station projects that are slated to boost Kenya's production capacity by 338 Mw between now and the year 2000.

151. The largest energy potential, mainly hydro-electric power, in the subregion exists in Zaire at the Inga river dams. The Great Inga projects holds estimated potential totalling 39,000 Mw of installed capacity that also equalled 80 per cent of the Inga site's estimated hydro power

potential. Both feasibility and pre-project studies are already completed and configurations are that the World Bank, ADB, Egypt and the Belgian governments have all agreed in part to the immediate funding of the projects.

152. With all investment ventures, the total energy production is estimated to increase slightly, in 1996 and grow much faster, in 1997. The current wave of investment in the sector will contribute to the overall change in 1996, whereas major capital investments can only yield larger results after 1998.

C. MINING AND QUARRYING

153. In the mining and quarrying sector, activities somewhat stagnated as production levels remained just about the same, in 1994 as in 1993. The mineral deposit in most of the countries can be classified to be of non-economic quantities. Just only Zaire has significant economic deposit of certain metals and other minerals with the sector contributing about 12.6 per cent to the domestic production, in 1990.

154. The GDP of Zaire and the mining sector have since 1990 faltered and continued to decline though the failure was faster for mining. As a result, the sector's contribution to Zaire's economy shrank to just 4.6 per cent, by 1994. This was the main reason behind the stagnation in the country's economic performance in 1994 and the combined contribution to both the national and the sub-region's economy.

155. Mining and Quarrying activities in Burundi, Somalia, Tanzania, Uganda and Kenya expanded in 1994 as against the 1993 performance and compensated in small quantities for drastic declines in production, in Zaire. In Ethiopia, the sector registered a slight decline. All the increases were modest and small in the economy judging from the point of view of their general potentials which are relatively modicum in volumes.

Major minerals

156. The supply of metals and other minerals is very limited to modest deposit of diamonds, copper, gold, silver, zinc, tin and petroleum. Most of these are concentrated in one country Zaire and due to inefficiency in the exploitation and system of management, production declined in 1994. Total 1994 production of each of the following commodities except diamond was below the levels attained three previous years from 1992.

1. Diamond

157. Diamond production, in the only major producer nations in the subregion, Zaire, recovered very well, in 1995. Total output grew by 36 per cent to reach 22,024 thousands carats as against 16,259 and 15,150 million carats in 1994 and 1993. Production by artisan workers accounted for nearly 75 per cent of the 1995 outputs as against the state owned diamond

mining firms, Minière de Bakwanga (MIBA) that reported output of only 5.7 million carats in the same period. Production in the other producer nations are small and exploration activities are yet to yield any meaningful outputs.

2. Gold

158. Gold production also recovered in 1995 after a decline in 1994, though total output is yet to match the 1993 records. Zaire, the major producer registered total yield of 1.2 and .78 millions kilograms, in 1995 and 1994, as against 1.5 million kilograms realized in 1993. The good performance in 1995 was as a result of increased private investment in the subsector. However, activities are reported to be marred by mismanagement and illegal activities around mining areas.

159. The Société minière et industrielle du Kivu (SOMINKI) reported, in February 1995, that 35kg of gold, the equivalent of 14 % of company's total 1995 production, had been stolen during November and December last year from its Kamituga Processing Plant in the Mwenga area. The inability of the police and company security to trap offenders continue to be a major source of concern to investors.

160. Gold mining rose rapidly in Uganda in 1991 because of liberalized mining and marketing codes. Yields have however, waned as deposits are depleted and other exploration investments are yet to turn out results. Activities in Tanzania, Uganda, Ethiopia and Eritrea have not significantly picked up due to lack of adequate investments.

3. Copper

161. Copper production and marketing has been on the decline, since 1990, mainly due to growing competition among producers and unfavourable international prices.

162. Production in 1995 and 1994, in Zaire, were the worst in the last five years with total volume remaining unchanged at a little over 33 thousand metric tons. The mineral recovery process had been disturbed by political conflicts, riots and thefts that led gecamines to declare force majeure in 1991. Ever since, production started tapering off to finally reach the very low points in 1994 and 1995.

163. Uganda's mining activities in this sub-sector is very small since the collapse of country's Kilembe copper mines, in early 1970's.

4. Silver and Zinc

164. The recovery of silver and zinc have equally experienced a wave of tide in the line of decline, in 1995 and 1994, as against the records of 1993 or even back to 1990. In Zaire, the only country with recognizable economic quantities, total realisations amounted to 1.3 thousand

metric tons of silver in 1995, 1.0 in 1994 put against over 10 thousand metric tons, in 1993. Zinc output showed improvement from 1994 performance of 2.5 thousand tons to reach 4.5 thousand tons in 1995. Both records are still far below the production prior to 1993. For much of the same reasons, Zaire's mining activities had suffered the cyclic political instabilities, working population with high tendency of violence due to poor earning and chronic economic and public infrastructure mismanagement that discourages investment.

5. Cobalt

165. In 1995 and 1994, cobalt production resumed growth as against the worst performance registered in 1993. Total volume in Zaire, climbed by over 13.8 per cent to reach 4.1 thousand tons in 1995. This a sustained improvement when matched with 3.6 and 2.2 thousand tonnes yields of 1994 and 1993. Increased impour of private funds by oversea investors and the national company Gecamines have all contributed to the growth.

6. Limestone and Gypsum

166. Abundant deposits of limestone and gypsum also exist at varying quantities, in the subregion. In addition, there is reported availability of Pozzuolana in the countries,

Kenya and Zaire have the ability to produce high quality cement. Kenya now produces about 1.4 million tons of cement. Zaire with a production slightly lower than half a million tons in 1990, had subsequent production figures declining to .154 and .194 million tons, in 1994 and 1995.

167. Total limestone and gypsum production have also resumed growth in Uganda. Record level production continue to be registered, since 1992 and 1993. Tanzania also has reasonable deposits of gypsum.

D. Manufacturing

168. There has started to appear some kind of dynamism in the process of industrialization and manufacturing in the countries of the subregion. The movements, on the positive side of the manufacturing sector and manufacture value added growth rates in 1994, form a good basis for this conclusion.

**Indicators of manufacturing sector
performance by subregion 1980 - 1995
(Eastern Africa countries)**

	Average growth rates		1993	1994 ^a	1995 ^b	Share in total GDP 1994
	1980 - 1990	1990 - 1993				
Burundi	9.7	1.5	-3.1	9.6	6.7	1.3
Djibouti			2.4	2.8	2.4	
Ethiopia [*]	3.7	2.0	2.9	3.6	4.1	2.5
kenya	4.8	2.3	1.8	4.0	4.9	5.8
Rwanda	1.4	1.6	-1.2	-15.0	1.8	2.0
Somalia			-5.0	5.0	5.2	
Tanzania	-1.4	4.5	7.4	5.3	6.1	0.7
Uganda	5.3	7.0	3.7	3.9	3.4	1.3
Zaire			-11.5	-4.2	-3.2	

Source: UNIDO - Industrial Development - Global report 1995

b - Projections

169. In 1994, the sector registered a 27 per cent increase compared to the combined 1993 performances. The small but significant growth achieved in this sector marks a new profile in manufacturing, in the subregion. Eventhough the overall contributions to the GDP remained small at just about 7.2 per cent, the fact that the sector has started recovery is a positive thing.

170. In countries like Kenya with the most advanced industrial setups, the sector just broke the streak of decline that started since 1983. Manufacturing sector activities thus grew by 1.9 per cent in 1994, a slight improvement from 1993 growth of only 1.8 per cent. The resumed growth is attributed to government's re-evaluation of it's manufacturing strategy towards increased export orientation and the establishment of Export Processing Zones (EPZ) and Manufacturing Under Bond (MUB). Short term difficulties in coping with competition from imports following economic reforms and the liberalization of imports and payments regimes also contributed to the modest performances, in 1994. The country's manufactured value added (MVA) growth rate picked up from 1.8 per cent in 1993 to 4.0 per cent in 1994.

171. Annual MVA growth rates have also improved remarkably in Burundi, Ethiopia, Uganda, Tanzania, Somalia and Zaire. In 1994, Burundi's MVA growth rate moved from -3.1 in 1993 to 9.6, Ethiopia from 2.9 to 3.6, Uganda's from 3.7 to 3.9, Somalia's from -5.0 to 5.0 and Zaire's yet remaining negative at -4.2 per cent from -11.5 percent in 1995. Available figures

show that only Rwanda experienced substantial declines by 1994. The obvious reason is the political instabilities that have ravaged the country since the onset of the 1990 decade. Overall, the MVA share of GDP ranged from 0.7 per cent in Tanzania to as high as 5.8 per cent in Kenya.

Structure of the manufacturing sector

172. Agro-based industries dominated this sector in 1994. Food processing, beverages and tobacco manufacturing together accounted for over 45 per cent of the manufacturing sector activities. Textile products amounted to 7 per cent where metal and wood processing are known activities only of lesser importance. A bulk of all the products come from Kenya with more advanced industrial setup than the rest of its neighbours, in the subregion. The years performance though good still point to the lack of meaningful progress in the diversification of the economies measured by the absolute volume of outputs and the sector's percentage in GDP.

173. The manufacturing sector and the infrastructures in most of the countries, especially those that recently concluded long drawn wars like Eritrea, Ethiopia, Uganda and those still suffering on-going wars, could be classified as very bad. They exist with structural weakness which among others, includes inadequate investment, obsolete machineries, technology and other essential inputs. As the world and the World Trade Organization (WTO) prepares for global trade liberalization, most of the performing entities are further disadvantaged. They are faced with intense competition from cheap imports from advanced countries at the risk of throwing the countries many years behind in their industrialization efforts.

E. Transport, communication and tourism

174. As economic hardship had mounted in some of the countries and others go through instabilities and wars, the transport, communication and tourism sector is neglected to a completely derelict and hazardous state. Since 1990, the contribution of the sector to the GDP all declined though the prospects are upward looking in the coming years. By 1994, the sectors' contribution to the GDP of the subregion was only 5.81 per cent with a total value of just over 1.6 billion dollars. This represent a 27.9 per cent growth from the 1993 figure but still fails to match the 1990 levels when the sector's contribution exceeded 7 per cent and overall value as high as US 1.8 billion dollars.

175. Among the highlights in the recent development in the individual countries of the subregion are the performances in Kenya and Uganda. The sector picked up significantly, in 1994 for Kenya, after a sharp deceleration in 1992, reaching US\$ 660 million in value. This amounted to a 100 per cent rise when compared to the 1993 figure. This improvement is as a result of many initiatives and programmes that have been undertaken by the government of Kenya to develop good road networks in order to stimulate their own economies and facilitate inter-regional trade. The programmes - the Rural Access Road Programme (RARP) and the Minor Roads Programme (MRP) have played an important role in the development of the road

sub-sector that bring the total road network, of various classifications to 63,500 kilometres, by 1994.

**Inland water transport - A way to overcome some of the problems of the
Great Lake Countries**

The difficulties facing the countries of the subregion are often accentuated by transport constraints. This is even worse for the landlocked countries with trading activities often impaired by high transport costs. In close association to this, is their remoteness and isolation from the World market and their dependency on transit transport services for supply of imports. The Eastern Africa group of landlocked countries, particularly those around the Great Lakes, Kivu, Tanganyika and Victoria, are however luckier for having these known number of deep water lakes that are also of transboundary sizes and could serve as cheaper means of transport for transit goods. Lakes Kivu and Tanganyika touches Zaire, Rwanda, Burundi and Tanzania. Lake Victoria on the other hand cuts into Uganda, Kenya and Tanzania, implying great opportunity for waterway transport on them for exchange of merchandise trade at a much lower rate than currently exist.

The ECA - Gisenyi MULPOC recognised this potential and initiated a seminar last September in Kinshasa - Zaire on joint transport enterprises on these lakes. Countries such as Uganda, Burundi, Rwanda are land-locked, with Zaire stretching far into the East and with only 40 Kilometers of coastal line that three quarters could easily be considered landlocked. At the same time, this one country Zaire has an estimated 2,646 kilometres of rivers accessible throughout the year to big river boats and others totaling 26,475 kilometers of navigable waterways. This is in addition to 1030 kilometres on the lake Tanganyika, 470 kilometers on Lake Kivu and others. Off the 470 kilometers of lake Tanganyika, 30 to 40 kilometres is of interest to Zaire Burundi and Tanzania. Similar situation applies to most of the other countries. Shipments to a greater part of the countries especially from Asia, could thus be easily transited through the eastern neighbours.

These facts make the establishment of water transport on the lakes and containerization an issue of vital importance. It will relief the countries of the burden of transportation costs, reduce the strain on the road networks and facilitate exchange of goods in a cooperative arrangement to realize economies of scale in production. One thing, however clearly stands out, and that is the fact that the likelihood of a successful operation of these inland water transportation, on these lakes, will invariably be a function of the accuracy of the estimation of potential levels of traffic available and the effectiveness of the managerial, operational and administrative systems on the ground. Countries concerned should as such lend their full support to the series of site investigations and feasibility studies already initiated by the ECA/Gisenyi MULPOC for them to realise the full benefits of this under developed waterway transportation networks.

176. Uganda also realised a 49.9 per cent surge in this sector, essentially due to the action taken by the government to rehabilitate the current and expanding network of roads, rail, water, aviation, posts and telecommunications. The volume of goods conveyed by rail more than doubled, in 1994, from 130 million ton-km the previous year's to 387 million ton-km. Number of vehicles (on-road all categories) grew from 60,000 to 74,047 while the number of passengers by air witnessed some progress in the same year.

177. The sector performances increased slightly in Djibouti, Somalia and Tanzania. Performance somewhat stagnated in Burundi. Actual decline was witness in Ethiopia, Rwanda and Zaire where the sector dwindled by 18.4, 2.4 and 2.5 percentage points in 1994.

Tourism

178. A number of the countries in the subregion maintain very good reputation as quality and cheaper tourist destinations, especially from Europe and other non European countries. Competition has nonetheless grown as new markets in the southern Africa and Asia opened up and the subregion member countries are confronted with image problems and political and social uncertainties. As a result, the number of tourists visiting the subregion and total tourist revenues ebbed, in 1994, for the following host countries:-

179. Kenya has for long enjoyed a wave of progress in the number of the overseas visitors to the country accounting for about 6 per cent of the visitors to the entire continent. The country has cultivated its tourism products and, by 1994, witnessed some 822 thousand tourist arrivals. Total earnings climbed by 4.9 per cent to reach nearly US\$4.36 million. The modest increase was attributed to bad international publicity and elections, due soon in the country, which is said to have lead some visitors to change their itineraries.

180. Tanzania also has quite an enormous wildlife potential and tourist attractions even higher than those that exist in Kenya. This sector however is not quite developed and as such Tanzania took seventh in the rankings of African tourism destinations by gross annual receipts.

181. The tourism resources and potential are many and varied in the other countries of the subregion. Sites are only being selected recently and most are not yet cultivated. Also the contribution to the economies, in general, still remain very insignificant by 1994, except for a few.

EXTERNAL SECTOR

182. All the countries of the subregion registered some growth in the merchandise export, in 1994, except Rwanda. As Africa continues to witness a steady decline in its share of the world's trade, however, the subregion also suffered for a number of similar reasons.

183. In 1994, the percentage share of Africa's total export on the World Trade declined to just 1.9 per cent compared to 2.2 per cent in 1990. The Eastern Africa group of countries also witnessed a decline of 4.7 in their share of world's trade between 1990 and 1994. Export only covered 56 per cent of import bill. Synthetics now replace in an increasing volume of the primary commodities traded by these countries.

184. Moreso competition from developing Asian economic has augmented at a rate that could be considered threatening to the region. Coffee, tea and cotton portion of the subregion's trade

is one area that is now endangered. Prices decrease rapidly when competition is high, pointing yet to increased reduction in the earnings for producers; and cases where exports earning only buy a diminished levels of imported inputs.

185. The tide along the declining trends of the exports for the subregion, world prices for raw materials and adverse production conditions back home equally dramatize the financial situation facing these countries. Debt has mounted, service payment crowds out the capital requirement for development. More notable was the low or modest levels of foreign investments and productivity decline due to inadequate maintenance and lack of inputs. Combined with much larger rate of population growth the current trickle of external financing can only alleviate the problem but not break the dynamics of poverty in the subregion, unless the countries could resume some self sustainable participation in the global trade.

A. Merchandise trade

186. In 1994, the combined export of the subregion registered a growth of 24 per cent after a decline of 5 per cent in 1993. Total value of exports amounted to US 4,422 million dollars worth of goods with a major portion made of agricultural products. This amplified performance comes as a result of the improved production condition in the major cash crop producer nations.

187. Uganda more than doubled its total export in the year 1994. Peace has returned to the country and coffee prices increased significantly at a time that the country enjoyed good rains and boom in coffee productions. Trade deficit however worsened as merchandise import equally increased by great margins.

188. Trade in exports grow by 31.49 per cent in Tanzania, in 1995. Total earning rose from US 519.36 million dollars in 1994 to US 682.92 million dollars in 1995. Whereas export earnings could have financed 39.65 per cent of imports in 1994, the figure has now gone up to 48.9 per cent in 1995. The volume and value of all traditional exports crops went up slightly in 1995, except for tea. The improvement in export/import ratio was as a result of this and a reported slow down in demand for imports in 1995.

189. In Kenya, the value of exports increased by 35 per cent in 1994 mainly due to favorable international prices of the exported commodities. Import figure also increased by 27 per cent as result of large volume increases in producer and consumer goods, appreciating shilling and a liberal import regime. This overall situation improved the external payment position in 1994 where foreign exchange reserves equalled the equivalent of 3.6 months of imports cover.

190. Export in Zaire has grown consistently in the last three years but fail to yet reach the 1991 levels, in 1995. Zaire registered a growth of 28 per cent due to internal problems in the value of merchandise export reaching the US\$ 1,450 million. Imports registered a slight decline 1.6 per cent essentially duely to the difficulty encountered with the financing the current account deficits.

191. The value of merchandise export grew to US\$ 304 million in Ethiopia in 1994. This represents a 25 per cent growth when compared to the 1993 performance. This growth in export is also as a result of improved international prices for coffee, reforms in agricultural sector and good rains during the planting season. Imports have on the other hand slowed down after the peak in 1992. In 1994, the total merchandise import was valued at US\$ 1125 million as against US\$ 1138 in 1993. The decline is blamed on a decrease in the transport and other capital goods import.

192. Exports in Burundi, Djibouti and Somalia, in 1994 exceeded the previous year's performance by 15 per cent, 9 per cent and 27 per cent respectively. Imports also have slowed down in all these countries for varying reasons, implying overall improved trade balance. The only exception being Rwanda where due to continued heavy disruption of production, marketing and organized trade, import and export both witnessed declines by the end of 1994.

B. Commodity structure of trade

193. In 1994, 96 per cent of the exports of the ten countries under review were made up of primary commodities. Only about three of these countries, Kenya, Tanzania and Uganda have significant share, by Africa's standard, of manufactured goods, textiles and clothing in their exports. Generally, coffee is still dominant with its overall portion still above 18 per cent. The share of other major commodities tea, cotton, hides and skin is equally high though this varied among countries and between years. Traditional export accounted for about 90 per cent of all principal exports and non-traditional export for about 70 per cent. Europe and other non-African economies have been the largest market for the traditional exports absorbing nearly the entire output while the little proportion of non-traditional goods have circulated within and around the subregion.

The Effect of the GATT Agreement on the Countries of Eastern Africa

The GATT 1994 agreement provides a favorable backdrop for internal reform on international trade. Within this GATT model, developing countries move to more open markets and less government interventions. In return assistance will come in the form of lower tariff rates, removal of non tariff barriers, fewer subsidies, better investment practices and stronger protection of intellectual property rights.

According to UNIDO, manufactured imports by developing countries, subject to bound tariff rates, increased from 13 to 61 per cent of their imports. Calculations showed that the average bound duties on industrial goods imported by developing countries would decrease from 15.3 to 12.3 per cent. It is also envisaged that the tariff reduction package for developing countries would affect imports valued at \$306 billion which is all well for these poor countries.

To this effect many African countries already have put in place reform measures that are expected to lower prices of manufactured goods on domestic markets thereby benefiting the rural community. The unfortunate thing, however, is that the countries of Eastern Africa have very weak manufacturing base. For them to benefit from agricultural or trade reform, considerable investment will need to be made to improve the subregion's infrastructure which has deteriorated since 1960's and much more rapidly as a result of recent political instabilities. Just like the rest of Africa, recent records show that the Eastern Africa subregion has been bypassed by the recent flow of capital, particularly FDI to developing countries. The only window that holds quasi opportunity within this global trade liberalization for the subregion, is in the area of clothing and textiles industry as a result of the phasing out of the multi-fibre arrangement and if the countries plan to utilize the abundance of raw material inputs that they have. It still holds facts nonetheless, that this one single area might not be enough for these economies in a world where competition, especially in manufactured goods will be free for all.

194. The imported component in the subregion's trade display similar characteristics as exports, showing industrial goods and petroleum products to be of very high proportions. All but Kenya do spent from 25 - 60 per cent of export earnings on manufactured goods, machineries and transport equipment. Available figures show that in 1994 Uganda spent as much as 60 per cent of the total export earnings on this items alone. Similar case applies to Tanzania, Burundi, Rwanda and Zaire. The import of Ethiopia, Eritrea and Djibouti are mainly consumables in the form of food, petroleum and other chemicals. Generally very little unprocessed goods are shown in the volume of merchandise import which also signify low level of value added activities among these countries.

C. Intra-subregional trade

195. The increasing difficulties with the balance of payment accounts and cost of imports, especially from Europe and industrialized nations, have led most African countries to look south. As a result, the level of trade among these countries of Eastern Africa is currently very high. Also, the Eastern Africa group of countries exchange more merchandise both across commodities and by volume, among themselves than any other group in Africa.

196. By 1994, intra-Eastern Africa trade somewhat stabilized at 12 per cent of the group's total export. The table below purports the clear notion that a high level of complementarity exist among these nations.

**Configuration of intra - subregional trade by major exporters, partners,
value and percentages of total export**

1994

Exporting Country	Importing Partners within the subregion	Value of export to the subregion millions of US\$	Portion of total export	Total worth of country's export (millions of US\$)
Kenya	Burundi, Djibouti, Ethiopia, Rwanda, Somalia, Tanzania, Uganda and Zaire	366	22%	1658
Djibouti	Burundi, Ethiopia and Somalia	66	74.1%	89
Burundi	Djibouti, Kenya, Rwanda, Tanzania and Zaire	27	15.4%	175
Tanzania	Burundi, Kenya and Rwanda	26	5.2%	494
Ethiopia*	Djibouti	11	3.6%	304
Uganda	Kenya and Rwanda	7	2%	369
Rwanda	Burundi	1	1.3%	72

* Ethiopia including Eritrea

Source: IMF Direction of Trade Statistics Yearbook and ECA estimates

197. The above table shows that nearly every country in the subregion either exported or served as market for goods produced by other member countries. Kenya alone traded virtually with all the country's of the subregion to the tune of a total export volume of US\$ 366 millions worth of goods. This amounted to 22 per cent of the country's total exports. This though represented a slight decline from the country's contribution to trade among the area countries. The loss of market shares has important underlying causes. The breakdown of the East African Community (EAC), in 1997, and the subsequent closure of Kenyan/Tanzania border and the chronic instability that occurred in Uganda in the 1970's and 1980's all aggravated the decline in demand for Kenya's exportable products up until the 1990's.

198. Djibouti also trades somewhat heavily with Somalia, Burundi and Ethiopia exporting some 74.1 per cent of its total export products to these three countries. The trade between Djibouti and Ethiopia is mainly as a result of functional complementarity between them. Djibouti opens up into the Atlantic ocean and is a cost-effective inlet for goods coming to Ethiopia especially for the fact that they have both rail and road link with each other. This explains the dynamics in the trade in the form of transit goods.

199. The locations of the other countries in varying ecological belts also meant that they trade fairly well with their fellow subregional countries. Burundi and Tanzania traded 27 million dollars and 26 million dollars worth of goods, each with the other countries of the subregion amounting to 15.4 and 5.2 per cent of their total export trades.

200. In spite of the problems in countries like Rwanda and Somalia, they still managed to import quite a substantial portion of their consumer goods from their neighbours. Rwanda traded about 1 million dollars worth of good with Burundi, which is very strong considering the country's production capacity for export and several instances of instability and running wars. This is an increase from the 1 per cent of the country's total export, in 1990, to 1.3 per cent in 1994.

201. The structure of the trade among these countries is skewed to mainly category SITC 5-9, manufactured goods and at other times food materials. This reflects the similar structure obtained in the import trade of most African countries.

Prospects

202. This group of countries thrive under its abundance of agricultural and natural riches. The subregion produces some proportion of world's diamonds, gold and other minerals. They are endowed with minerals and natural productive capacities, in varying proportions. Hence, this variations present an excellent opportunity for complementarity and cooperation among them. Combined in a step by step mechanism and careful balancing of the project by product approach, within each sector, they could gradually integrate into a large and viable market.

203. The percentage of food stuff that is exported to the non-regional countries equals about 72 per cent of the food-import into the subregion. This goes to say that about 2 billion dollars worth of goods that are exported by the subregional member countries are on the other hand imported by other Eastern Africa countries from non-subregional sources.

204. Should these countries eliminate all the barriers constraining the within-region trade of various commodities, including patronising local producers, then just very little portion of total production will be available for export outside.

205. The actual implementation of cooperation, one should point out, is impeded by fatigical political instabilities and factionalism as in Burundi, Rwanda, Somalia and others and sometimes excessive ties with former colonial authorities particularly the French.

206. Kenya has a fairly advanced industrial setups. Considering that very large portion of the groups import are manufactures, the entire production of Kenya could be consumed to the maximum and installed industrial capacities that are already below 15 per cent utilized to the tune of up to 60 per cent. The enormous production potential and market outlets that exist for trade within the subregional products represents some crucial pillar for successful take off of cooperation and growth in the near future.

207. In the absence of the heavy obstacles, within-group trade for these countries could at the very least reach 30 per cent by the year 2025. Serious attention should just be paid to exploitation of the production potentials to complement each other and eliminating the limitations imposed by differences in political view points, non harmonized tariff systems, multiplicity of currencies, non integrated transport and communications systems for a much smoother flow of trade exchange.

208. Outwardly directed economies of the subregion, kept open by the predominance of international interests, will continue to have a hard time achieving a sufficient degree of self sufficiency in the today's world of increasing regionalism and trading blocs. Cooperation in trade and customs arrangement are expected to play the leading role in the short run to integrate the depressed local markets, prepare it for international competitiveness and make it viable and develop linkages in the economies.

D. Balance of payment

209. In 1994, the current account balance of the subregion is estimated to have depreciated from the 1993 position. The 1994 general figure showed a 10.6 per cent decline from the previous year's account. Improved export earnings essentially due good harvests at a time that international prices also appreciated for certain commodities, especially coffee, and some inflow of money all compensated for the deficit in the trade and help to moderate the declines of current

account balances. Eventhough imports have grown very rapidly, these positive changes prevented a too dramatic decline in the overall current account balance.

210. The current account balances varied in each country. Provisional estimates show that Burundi and Rwanda mainly benefitted from impour of aid money as instability significantly disturbed production and export of major cash crops. The current account however did not improve much because import requirements for merchandise rose significantly leading to higher service payments for transport and insurance.

211. There were positive trend towards narrowing the gap in the balance of payments in Tanzania, Ethiopia and Zaire. Tanzania has been experimenting with some high export supply response, at the same time that imports registered a relatively lower growth. The case of Ethiopia is as a result of increased transfers. Zaire has on the other hand received very little capital inflow and total import shrank, significantly, due to hard currency shortages. Kenya by 1994 witnessed a very sharp decline in the overall balance of payments. The accounts showed a surplus of US\$ 282 million, in 1993 but moved down to US\$ 102 million in 1994. These changes occurred mainly due to a deterioration in the country's capital account. The capital account declined from a surplus of US\$ 183 million in 1993 to US\$ 50 million in 1994 as a result of large debt repayments and decline in programme financing.

212. In Djibouti, Somalia and Uganda, the current account balances witnessed rapid declines between 1993 and 1994. Djibouti's trade is very small and so fluctuations in balance of payments depend very much on the variation in aide money, especially from the French. The French aide has not been forthcoming in the recent times which explains the recent declines in the accounts. Somalia's case is mainly explained by the political problems in the country. Total net services outflow and unrequited transfers that continue to adjust upwards are some of the factors that pushed current account deficit to a worse position in Uganda.

E. Foreign exchange rates

213. The values of most of the national currencies, of the subregion, have shown signs of stabilizing against the dollar and the currencies of other industrialized countries. Between 1990 and 1995 there were varied stands by each country on what their level of exchange rate should be. A good number of these countries are undergoing reform adjustment with usually the initial components involving changes in the foreign exchange rate regimes. These changes take the form the for of national currency devaluation that is meant to give fresh impetus to production

activities and strengthen industrial competitiveness. The range of actions, especially by early 1990's to 1993, were marked by full exchange rate liberalizations, and automatic rate adjustments through "the Crawling peg" and "free float" systems.

214. As macro-economic picture stabilized, in these countries however, Burundi, Ethiopia, Rwanda, Tanzania and Uganda realized some stability in the fluctuation of their currencies against the United States dollar. Djibouti maintained the use of extensive foreign exchange controls and fixed exchange rates, meaning they have not witnessed any change in their currency, since 1990.

215. The Kenyan shilling has been subjected to variations due to the introduction of various measures of trade. The mechanisms ranged from foreign exchange bearer certificates (Forex Cs), Retention Account and Inter-bank trade in foreign currencies, among others. Even the Kenyan shilling showed some sign of stabilizing as the end of period averages remained between 50 and 55 shillings to one US dollar, in 1994 and 1995.

216. In 1993, new banknotes of very large denominations were introduced in Zaire as a sort of monetary reform. This is also meant to drastically reduce the volume of local currency in the system. At this time, 3 new Zaires was traded to one US dollar. By the end of December 1995, however, the new Zaire deteriorated sharply climbing to over 12,000 to one US dollar heralding a new fear in its contribution to local transactions and general return of significant inflationary pressures. The rapid fluctuations had continued and the latest available figure is about 80,000 new Zaire to one United States Dollar.

217. The Somali shillings ceased to be traded officially following the collapse of the monetary authorities.

F. Resource flow

218. Just like the entire region of Africa, the Eastern African countries have been bypassed by the recent flow of capital, particularly FDI to developing economies. In 1994, the FDI flows to the subregion amounted to just 9.6 per cent of the combined subregion's GDP just at time there is growing need for this kind of investment for the much needed economic rebound.

219. Other forms of assistance also have witnessed significant variations. The expansion of non-project or programme-aid and its evolution from programme-aid to policy based assistance

is undoubtedly the most striking feature which characterized development assistance to these countries, in the recent years.

G. Debt

220. At a debt to export ratio of 916.4 per cent, in 1994, the subregion is reckoned to be stressed by its debt stocks and debt services. The group's total debt service to export ratio was too high at 32.8 per cent. The situation is particularly disturbing in the cases of Somalia and Rwanda.

221. In Somalia, the total external debt somewhat stagnated since the collapse of administrative authority and by 1994 amounted to US\$ 2.6 billion. However, as the production of major export commodities were heavily disrupted by the political instabilities, the country's total merchandise export equally plummeted leading to total debt to export ratio of 2013 per cent. There appear to be little or virtually no progress in the payment of both services arrears and principal debt stock in the country. The same as in Rwanda where the external debt export ratio also reached great heights at 1871.2 per cent in 1994. At 272.8 per cent external debt to export ratio ameliorated from the 1993 position of 328.4 per cent for Kenya, in 1994.

222. Ethiopia and Djibouti witnessed slight increases in their ratios at 642 and 61 per cent respectively. In Ethiopia, total external debt climbed to over US \$ 5 billion in 1994 (excluding money owed to the former Soviet Union). Whereas debt service ratio remained unchanged, external debt to GNP equalled 108.2 per cent and debt to export ratio exceeded 642 per cent in 1994. The slight change is attributed to the country's term of trade that failed to show any significant improvement since 1980 and growth in new commitments.

223. Kenya was committed to repayment of all principals and service charges which somewhat contributed to the decline in the debt to export ratio.

224. Burundi, Tanzania, Uganda and Zaire all witnessed some positive changes in their external debt to export ratios which stood standing at 689.2, 870.2, 1008.5 and 1090 percentage points each. The general recovery of production in these countries meant that exports grew higher when compared to the previous year. Burundi's witnessed a large inflows of aid money which compensated for the deficits in the trade and service balances.

225. Uganda enjoyed coffee production boom at a time that drop in competition from latin American producers, due to bad weather, boosted international prices. Demand for import slowed down in Tanzania and also in Zaire for almost all categories of goods, essentially due to a decline in import support and supplier credit facilities, at the same time that exports recovered. All these explained the slight improvements in their export to debt ratios.

226. Although the third world and least developed nations of the world countries have benefited from various debt relief innovations, in the form of the restructuring of the existing debt portfolios, outright forgiveness of bilateral debt, and swapping of equities and currencies, this has not resulted in any appreciable relief of this burden. Rather more fundamental solutions to support their local production potentials and earning enhanced measures particularly on commodity prices, which by itself constitute a structural bottleneck, ought to be reviewed for them to be able to repay what they owe and start contributing positively to the global economy.

Debt - Export Situation in the Subregion
Millions of US Dollars

	1990	1991	1992	1993	1994
Debt	34,549.5	36,444.6	36,577	37,987.7	39,403.2
Export	3,753	3685	3,765	3,567	4,422

Source: Calculated from World Debt Tables and IMF-IFS.

FISCAL POLICIES, MONETARY DEVELOPMENTS AND CONSUMER PRICES

A) Fiscal Policies

227. The current trend in the fiscal policies and concern among the countries of the subregion is in the line of attaining fiscal discipline, gradual budgetary balance and the equilibrium in money supply, to combat inflationary effects. Also, need for improved balances in the financial sector had gained higher prominence. This comes at the same time that most of the countries have embarked on the restructuring of their economies to meet the requirements of the IMF and the World Bank sponsored structural adjustment programmes (SAP). Emphasis, in the case of

known records, had thus been placed on simultaneous reduction of expenditure, increased and improved revenue collection so as to bridge the gap in government finances. Overall system envisage that the new approach would control fiscal deficits to manageable levels and limit the surge of other imbalances in the economy notably the growth in money supply.

228. Some among the countries have equally revised their tax codes to lay emphasis on indirect taxes and flexible Value Added Tax (VAT) as opposed to direct taxes. The new system is geared towards faster mobilization of domestic savings to encourage investments with possible multiplicative effect of generating more revenues. Thus, the deficit/GDP ratio has shown some improvements in some of the countries whereas deficit growth rates stagnated in a few.

229. The table below reflects the mixed trends of the 1994, on budgetary balances for the countries of the subregion for which data was available.

**Budgetary trends in selected countries, their relationship to GDP and growth rates
in 1993 and 1994 (percentages)**

Country	% of GDP						Growth rates					
	Revenue		Expenditure		Deficit*		Revenue		Expenditure		Deficit*	
	1993	1994	1993	1994	1993	1994	1993	1994	1993	1994	1993	1994
Burundi	19.9	18	18.6	15.4	1.3	-2.8	9.4	-2.8	6	-10.12	91.6	96
Ethiopia	11.9	14	19.6	27.4	7.2	8.4	41.56	27	41.24	50.5	32.5	25.5
Kenya	21.04	23	27.09	29.1	3.6	3.3	21.3	33.6	35.7	31.2	40.9	13.5
Tanzania	11.68	13	24	26.7	8.08	7.4	-5.4	47.7	28.7	44.4	107.7	19.8
Uganda	7.8	8.4	19.2	17.7	3	3.6	54.9	35.6	27.7	18.3	-42	54
Zaire	7.8	3	35.52	5.7	27.9	2.4	66.6	-60.4	49.5	-85	45.4	-93

Source: IMF - International Financial Statistics and ECA calculations

* The differences between the reported deficits and actual deficit, if applicable, come from the grants and lendings minus repayments which are not included in the revenue but may have reflected in total expenditure calculations.

BUDGET

A. REVENUE.

230. From the above table, there were improved revenue collections in Ethiopia, Kenya, Tanzania and Uganda, in 1994. Only Burundi and Zaire actually registered some decline in their revenue receipts from 19.9 and 7.8 per cent of GDP in 1993 to 18 and 3 per cent, in 1994, respectively. There is no particularly striking change in any one country as most hovered around only 2 per cent growth, in 1994, as against the progress achieved in 1993. The highest growth rate in revenue collection occurred in Tanzania where after a decline of 5.4 per cent in 1993, total revenue collected in 1994 climbed by 47.7 per cent. In Kenya the figure for the growth of revenue was 33.6 per cent compared to 21.3 per cent, in 1993.

231. In Burundi and Zaire, collections seriously dwindled and at -2.8 and -60.4 percentage points in 1994, total receipts represented some absolute reductions from the previous years. Ethiopia and Uganda, on the other hand, witnessed growth rates of 27 and 35.6 per cent in their revenue collections which measured less favourably with the 41.56 and 54.9 per cent achieved by both countries in 1993.

B. EXPENDITURE

232. The expenditure patterns were again similar to those of receipts. Burundi, Uganda and Zaire all showed actual reduction in levels of expenditure as a proportion of the GDP in 1994. The case of Zaire was the most flagrant where the proportion of government expenditure was 35.52 per in 1993 and by 1994 plummeted to just 5.7 per cent of the gross domestic product.

233. In Zaire difficulties in collection of taxes and the run-away inflation that entailed further deficit financing, by money printing, were some of the reasons for the precipitous decline in expenditure. The less than the previous year's growth, that was experienced in Uganda, was attributed to receded realisations in development expenditure on the account of less that expected external support to development programmes. The country has had problems with funding for projects whose donor disbursement are conditional on the release of counterpart funds. The growth rates of expenditures in 1994, were negative 10.12 and 85 for Burundi and Zaire as against positive 6 and 49.5 per cent, the previous year. Uganda witnessed 18.3 per cent growth the same year and 27.7 per cent, in 1993.

234. For the other remaining countries, expenditure maintained a growth path higher than the previous performances of 1993 in Ethiopia, Kenya and Tanzania. The proportion of expenditure on the gross domestic product augmented with growth rates of 50.5 per cent for Ethiopia, 31.2 per cent for Kenya and 44.4 per cent for Tanzania.

C. BALANCES

235. The consequence of the order of flow of government revenue and expenditure among these countries, is that balances ranged from a surplus of 2.8 per cent in Burundi to the highest deficit level of 8.4 per cent for Ethiopia in 1994. It is only in this very case of Ethiopia that the deficit as a percentage of GDP increased from 7.2 per cent in 1993 to 8.4 per cent in 1994. On the contrast, general deficit accumulation ebbed in all the countries and even more so pronounced for Zaire where the ratio was only 2.4 per cent in 1994 when matched to 27.9 per cent, in 1993. This is equal to -93 per cent growth in the total volume. Except in Zaire where improvements in budgets balances were as a result of economic difficulties, the good state of these figures, in 1994, are mainly, on the account of good revenue performances and renewed effort at fiscal discipline and budget control.

236. Further, there now appear the recognition, all over, that non-inflationary deficit financing had the tendency of crowding out the private sector investment. Simple monetary balance-approach, on the other hand, generates choking inflationary trends, on the economies. As a result, most of the countries resorted to stringent fiscal measures combined with tight monetary policy to eventually narrow the deficit gap in 1994.

237. Djibouti, Somalia and Rwanda have very little or no information on the budgetary developments in their countries. In Eritrea information management and adequate arrangement are still being developed to enable organized revenue collection and disbursement. Until recently most of the civil servants and ex-soldiers worked without salaries due to the poor state of the economy at the time of the country's liberation from Ethiopia rule.

B) Monetary Developments

238. The ratio of broad money supply (M2), which is the sum of currency outside banks and private demand, time and savings deposit to the GDPs, in most of the countries, point to very low but improved financial deepening in the subregion. Measures implemented in the fiscal year 1994/95 and calendar year 1994 were mainly geared at achieving reasonable real GDP growth

rate, reducing annual inflation and improving the balance of payments. The trends in monetary developments, however, indicate that achieving the goals had not been an easy task as growth in money and the inflationary effects are also affected by external shocks on which the local monetary authorities have no direct control.

239. In view of this, monetary expansion fluctuated over the fiscal and calendar years. Pressed with economic hardships, countries have also taken measures to ease liquidity conditions sometimes pushing base money to points beyond programmed levels, only to adopt measures, later, to absorb the excess supply of liquidity.

240. Faced with the policy dilemmas, various among the countries had acted differently thus resulting in differing outcomes in their trends in monetary developments.

241. In 1994, the ratio of broad money to GDP improved in Burundi, Ethiopia, Rwanda, Tanzania, Uganda and Zaire. According to the table below, the best ratio's were registered in Djibouti, Ethiopia and Tanzania where each recorded a ratio of 75, 48 and 39.1 percentage points, respectively.

242. The ratio in Djibouti, being the highest in the subregion, almost equalled some of those obtained among the fast developing and developed economies. Djibouti, has enjoyed a fairly low growth rate of the broad money supply and increases had been in the form of quasi-money supply than it is for narrow money supply. The ratio in Ethiopia was more of a repeat of the same occurrence that was previously attained in 1992. Tanzania's case was more remarkable at 39 per cent compared to just 21.9, in 1990. In Burundi, Rwanda, Uganda and Zaire the ratios were 20.7, 10.32 and 16.5 which all represented a surge in the financial deepening in the countries from the previous year's stance.

Ratio of M2 to GDP - Indicator of Financial Deepening

	1990	1991	1992	1993	1994	1995
Burundi	18.2	18.4	15.8	16.67	20.7	
Djibouti	78.4	77.4	71.8	71.19	75	
Eritrea	NA	NA	NA	NA	NA	

	1990	1991	1992	1993	1994	1995
Ethiopia*	40	42.3	48	41.22	48	
Kenya	29.7	31.39	37.7	38.6	36.18	
Rwanda	16.4	15.8	17.39	17.27	24	
Somalia	NA	NA	NA	NA	NA	
Tanzania	21.9	22.9	26.7	29.9	39.1	
Uganda	-	-	7.8	9.89	10.32	11.02
Zaire	12.9	15.21	16	15.9	16.5	

Source: Calculated from IMF International Financial Statistics yearbook.

* Ethiopia including Eritrea

NA Not available

- Missing

243. Kenya maintained a relatively high level of broad money to GDP ratio, that fluctuated between 29.7 and 40 through 1990 - 1994. In 1994, however, the country for the first time broke the trend in the growth, and the ratio receded to 36.18 as against 38.6 achieved the year before. On the average narrow money component of M2 was quite high.

M2 growth rates

	1990	1991	1992	1993	1994
Burundi	10.72	5.4	5.22	6.3	33.27
Djibouti	3.6	4.0	-5.28	2.31	2.24
Eritrea	NA	NA	NA	NA	NA
Ethiopia	18.5	17.02	16.23	9.78	25.26
Kenya	20	19.6	39.0	28.03	14.09
Rwanda	5.6	5.5	12.39	2.51	25

	1990	1991	1992	1993	1994
Somalia	NA	NA	NA	NA	NA
Tanzania	41.85	30	40.59	39.22	35.34
Uganda	-	-	-	35.7	33.42
Zaire	194.89	2485	3898	295	.07

Source: Calculated from IMF International Financial Statistics

NA Not available

- Missing

244. The volume of broad money (M2) has been growing steadily in all the countries though, at varying rates. From the table above, the highest that was recorded occurred in Tanzania where total M2 grew by 35.34 per cent as against a gross domestic product growth rate of barely 3.0 per cent. Uganda, Burundi, Ethiopia and Rwanda also registered growth rates of 33.42, 33.27, 25.26 and 25 percentage points on their broad money supply, in 1994.

245. Except in Uganda where there was an actual decline, the rest showed significant increases from the performances of the previous year 1993. The other cases where growth in M2 also curtailed, in 1994, were in Kenya and Zaire with 14.09 and .07 per cent growth rates, respectively. In Zaire the decline is so flagrant and only reflects the erratic nature of monetary management that has been going on in the country for sometime now, since 1990.

C) Consumer prices

246. With measures to assure effective macro-economic management, now being instituted by majority of the countries of the subregion, in addition to budgetary discipline which has continued to be exercised, there appear some success in the control of inflation and stability in the fluctuation of prices. A number of the countries also achieved some prosperity as far as food production is concerned and as such were able to bring to acceptable levels the rate of growth of consumer prices, in 1994.

247. As a result of the measure instituted in Kenya, inflation was reduced from 49.4 per cent in June 1994 to just 6.6 per cent at the end of the financial year. The government has pursued

measures aimed at monetary stability, efficiency, stability of the financial sector and increased market information. All these were geared towards strengthening Kenyan currency, and sensitizing the market place to encourage competition in the banking industry. It is also aimed at maintaining reasonable currency purchasing power.

248. During 1994, in Ethiopia, inflation was reported to have tapered off to just 1.2 per cent as against a program target of 10.0 per cent. The drastic reduction from the previous rate of over 21 per cent in 1992, was attributed to tight monetary and fiscal conditions, free mobility of goods and services and improved competitive nature of the marketing process in the country. Sharp declines in food and household item prices were the major features of the waning inflationary pressure.

249. In Uganda and Tanzania, inflation is reported to also be declining. Inflation is reported to remain low, in Uganda, in 1994/95 and well below the control target of 7.5 per cent set at the beginning of the fiscal year. Tanzania registered inflation rate of 36.9 per cent which is said to be receding owing to improvements in weather conditions during 1994/95 season. The two countries witnessed some respite in the food prices as a result. Also, at the same time that they are restricting growth of money supply to levels consistent with the objective of attaining macro-economic stability.

250. Annual consumer price, in Zaire, was unacceptably high and stood at 23,770 per cent higher in 1994, over the previous year. In 1992, the government of Zaire introduced new banknotes worth a lot more of the old one in high denominations. The new notes, however, did little to alleviate the inflation problems as even some people in the country refused to use it and as subsequent rapid decline in the value against the US dollar heralded the return of significant inflationary pressure.

251. The high levels of prices lead to unrest among the people and some disruption to economic activities, particularly in the financial sector. The 1995 figures seem to indicate nonetheless, that consumer price inflation appeared to have been brought under control over the course of the year. Some estimates put average inflation, in 1995, at 542 per cent and the price trends in the monthly records point to further shrinking pressure.

252. Eritrea and Ethiopia still operate under the same currency (the Ethiopian Birr) and so Eritrea's consumer price index is assumed similar to that of Ethiopia. In Somalia, Burundi and Rwanda, consumer prices are expected to be relatively high stemming from the disruption of

economic activities in these countries, even though the deficits in the production of many commodities are mostly covered by humanitarian aid assistance.

SOCIAL DEVELOPMENTS

253. The social development in the subregion is one that is characterized by poor economic performances, high population growth rates, social decay and recalcitrant cases of civil wars and political instabilities. The consequence of this poor state of existence thus manifested itself in all social sectors. The group has the highest number of refugee population by origin when compared to any other group of countries in Africa; illiteracy rate is reported to be unmanageable as both ensuing morbidity, poverty and environmental degradation is very prevalent. All these factors have interacted in a re-inforcing way to place some of the countries as flashpoints in the world's social map. In the politically stable countries, conditions have edged up slightly, since 1990.

Table 1: Major natural and man-made disasters in Eastern Africa countries during the period 1980 - 1996

Country	Years	Type of disaster	Estimate of the number of people effected	Damage (economic)
Burundi	1994-1996	Civil conflicts	400,000	Heavy loss of food and cash crops
Djibouti	1989	Floods	150,000	Total damages estimated at \$900Mn
Eritrea	1993-1994	Drought	500,000	Severe damage to food and cash crop
Ethiopia	1984-91, 1993-94	Drought and civil war	6,500,000	Heavy damage to food, livestock and export crops
Kenya	-	-	-	-
Rwanda	1994-1996	Civil conflicts	2,780,000	Environmental damages, losses of food and cash crops
Somalia	1987, 1992-1996	Drought and civil war	1,600,000	Severe damage to food, livestock and export crops
Tanzania	1994-1996	Influx of refugees	780,000	Environmental and damages to farmlands and crops

Country	Years	Type of disaster	Estimate of the number of people effected	Damage (economic)
Uganda	1980-1986, 1993-94	Civil war and instability	3,600,000	Agricultural losses
Zaire	1986 - 1996	Political conflicts, influx of refugees and instability	4,200,000	Environmental and heavy damages to food and cash crops

Source: UNDRO and ECA.

A) Population Displacement and refugee settlement

254. Since the last decade of the 1980's, the subregion had experienced a combined total of 48 war-years. This phenomenon has resulted in serious hardship for both the economies and populations. As a result, the total number of refugees by origin from the subregion is estimated at 3.869 million people, out of a combined total population of 200 million. The number of internally displaced persons and others in refugee-like state is also very high. This refugee figure is equivalent to 27 per cent of the entire world refugee population, by origin. One country Rwanda generated 58 per cent of this total, amounting to 2.3 million people.

255. The genocides and civil wars, in Burundi and Rwanda have produced over 2.6 million refugees and multiples of others in similar state. At the peak of their problems, July and August 1994, there was an occurrence of the most dramatic and rapid influx of their population to the neighboring countries with over two million fleeing to Zaire. The rampant cases of retaliatory massacres, in Burundi is the cause of 1,000 persons per month being killed and at least 50,000 people now internally displaced in the country.

256. Tribal differences and personal rivalries over political power in Djibouti also displaced a sizeable number of people. An estimated 18,000 refugees from the north are currently exiled in Ethiopia. On the other hand, some 33,000 Ethiopian refugees are now in Djibouti on asylum basis.

257. A large portion of Eritrea's and Ethiopia's population was also rendered refugees in neighbouring countries. Eritrea's portion is estimated at almost a third of the population. Out of this number, nearly half of them about 500,000 reside in Sudan.

Table 2: Subregional refugee population by countries of origin/asylum in 1995

COUNTRY	ORIGIN number '000	ASYLUM number '000
Burundi	388.8	300.3
Djibouti	18.0	33.4
Eritrea	419.3	-
Ethiopia	183.9	348.1
Kenya	8.2	252.4
Rwanda	2,256.1	6.0
Somalia	501.7	-
Tanzania	-	883.3
Uganda	25.3	286.5
Zaire	68.2	2,271
Sub-regions total	3,869.5	
Africa total	6,752.2	
World total	14,488.7	
Sub-region's proportion of Africa's refugee population (%)	56.8	
Sub-region's proportion of world's refugee population (%)	26.5	

Source: State of the world refugees UNHCR - 1995

258. About 420,000 Ethiopian refugees are scattered all over the sub-region. 60,000 are said to be in Sudan awaiting to be repatriated back to Ethiopia with the return of peace in the country. The fightings that had recurred at various times in Sudan and Somalia also lead to mass exodus of refugees from these countries into Ethiopia. To date they numbered some 348,000 people.

259. Head counts carried out by various NGOs and the UNHCR, in 1994, estimates that some 252,000 people are refugees in Kenya from the neighboring countries. About the same number

is in Uganda where both countries have some small numbers of their own people also exiled to other countries due some internal conflicts going on at different prefectures of the countries.

260. Rwanda alone generated some 58 per cent of the subregion's total refugee population who are mostly resident in Zaire and Tanzania. Whereas Zaire played host to the largest number of refugees in the sub-region amounting to 2.7 million people, the country has some 68,000 people of its own rendered refugees outside its territories and under the protective custody of the United Nations High Commission for Refugees (UNHCR).

261. Tanzania happens to be the only country without refugee population by origin but plays to host a good number of some 833,000 people from its neighbors.

262. The phenomenon is not without serious economic and social consequences. As refugees begin to settle in countries of asylum, they increasingly exacerbate the acute problem of limited or non-existing social infrastructure, agricultural farmland, food, housing, education, health facilities and the environment. Health hazards such as diarrhoea, respiratory infection and anaemia are widespread in the refugee camps. The countries of emigration, on other hand, generally experience depopulation. Manpower available for the use in agriculture - the bedrock of the economies, is drastically reduced. The sorry state of the principal resources available to these countries to take care of the situation and pursue their economic developments makes this a heavy burden on the system and on the natural environment.

Prospects

263. This chronic case of human rot amidst intractable wars and self perpetuating tribal conflicts is only beginning to show signs of abating, in 1996. Where no major movements were reported in the refugee generation front, some 615,000 people have been voluntarily repatriated by the end of 1995. A large portion of this number - about 285,000 people left Tanzania. Eritrea, Somalia, Burundi and Rwanda are also witnessing some returnees, albeit in small proportions. The negative impacts on economic developments have failed to disappear. Until the condition for peaceful existence of the population is restored, the economic progress of the majority of Eastern Africa countries will continue to be studded and encapsulated by these monstrous political situations.

B. Education

264. Detailed data show some countries such as Zaire, Kenya, Tanzania, Uganda and Rwanda had all achieved adult average literacy rates well over 60 per cent by 1990. The highest literacy rates were recorded in Kenya and Zaire both of which achieved 83 per cent for adult males, and 62 per cent for adult females, in 1990. The good records in these countries such as Kenya were as a result of government efforts to encourage various groups to finance and manage pre-primary schools. Also, the primary school education that expanded remarkably where number of school trebled with about 4.0 per cent growth rate, each year. Pupils enrolment grew steadily while efforts have resulted in steadily improved sex ratios.

265. The government of Kenya has channelled a lot of both human and financial resources into adult literacy programmes as a way of eradicating illiteracy. Breakdown of state infrastructure and the dissolution from planned management into instabilities and chronic violence has, on the other hand, affected the state of education and literacy in the other countries. In 1990, the average literacy rate was only 25 per cent in Somalia. This is close to the records in other countries like Burundi, Djibouti, Eritrea and Ethiopia, none of which exceeded 35 per cent in their literacy rate average for men and women in 1990.

266. The treacherous state of turmoil, debt problems and rescheduling, and economic reforms in addition to growing population have left the state of education wanting in the sub-region.

C. Health

267. The provision of health services and ownership of health facilities largely have been in the hand of governments. Reform process now taking place in some of the countries have created the leeway for considerable contributions, from the private sector and other agencies. Through a combined efforts at tackling these problems, certain indicators show signs of improvements in the health sector. The group's crude death rate changed by 37 per cent between 1960 and 1994. The highest improvement occurred in Kenya which by 1960 recorded a crude rate of only 22 per cent that subsequently dropped to 12, by 1994. This is against the very poor performances in Rwanda and Uganda. As of 1960, the crude death rate in Uganda was 21 per cent and ranked best among this group of countries. Over the subsequent years, the Ugandan economy seriously faltered and continued to decline with the effect that crude death rate only decline by 10 percentage points from 21 to only 19, in 1994.

268. There has also been a parallel pattern in life expectancy rate. Kenya, once again, ranked highest among the group with 56 years in 1994 and 58 in 1995 followed by Zaire and Tanzania with 52 years each. Figures available still reflect poor performances in Uganda where life expectancy rate only changed from 44, in 1960, to 45, in 1994:

269. -Infant mortality rate for children under one is on the average still very high. Only about 48 per cent of the 1 year old children in these countries have been immunized against diphtheria, pertussis and tetanus (DPT). The same number had oral polio. 49 per cent against measles and 61 per cent use oral rehydration therapy, by 1994.

270. As good records emerge among the fairly stable economies in some health sub sectors, conditions have for long continued to decline in war thorn countries with chronic economic crisis. Kenya, Tanzania and Uganda maintained high record of 84, 78 and 79 per centage points of those children vaccinated against DPT by the end of 1995. This helped to raise the groups average somewhat close to that of the sub-saharan average which at just 51 per cent is far below the levels achieved by the developed economies.

271. The widening gulf shows, more clearly, in the cases of the chronically unstable and recently stabilizing members of the sub-region. The figures for the number of vaccinated children stood at just 23 per cent for Rwanda and Somalia being the worst cases and far below both the group's and sub-saharan averages of 48 and 51 per cents, respectively.

272. A major concern should be on how to increase the participation of a good portion of the population that have been effectively rendered impotent by widespread health hazards such as diarrhoea, respiratory infections, dehypertation, anaemia and other childhood preventable diseases.

D. Sanitation

273. Available data indicate that access to safe water and adequate sanitation is still available to very privileged few and restricted mainly to the urban populations. Thus there are known rampant cases of water borne diseases such as diahorrea, river blindness and bilharzia. Just about 42 per cent of the population had access to safe water and adequate sanitation between 1990 - 1995.

274. Again, just about few countries Burundi, Kenya, Rwanda and Tanzania have over 50 per cent of the population with access to safe water between 1990-95. Much worse situation are recorded in Eritrea, Ethiopia and Zaire with 18, 25 and 27 per cent in same order. The situation is strikingly parallel in many other health sub-sectors with continuing effect on the general living standards that persist at levels far below internationally accepted minimums.

E. Nutrition

275. The fact that some of the sub-regional countries exist in a state where no meaningful development formula could be applied has started to be evident in the figures. Some exceptions exist as is reflected in Kenya, Uganda and Zaire with levels of calorie intake that are higher than the sub-sahara average. Others have their populations existing in very poor nutritional status. The flashpoints are Ethiopia and Somalia with over 64 per cent of the population not having adequate diets. In Burundi, Eritrea, Ethiopia and Rwanda, bad performances have moderated. Kenya's performance seem quite below the figures put out by other middle income Africa countries but about the best in the sub-region at just 33 per cent, in 1994.

276. These poor performances are generally explained by the low economic outputs and weak agricultural and food production. Drought and treacherous fightings meant that vast number of people suffered growing malnutrition and that food aid has become very important in member nations like Eritrea, Somalia, Djibouti, Ethiopia, Burundi and Rwanda.

F. Women and Development

277. Improvements are beginning to show in the area of women in development and women and development, implying some amelioration in their general welfare. It also remains that in the era of proclaimed Africa Charter for Popular participation in Development, Copenhagen Conference on Social Development and Beijing, the arrays of wars and turmoils continue to detract yet from the full recognition and realization of the full potential of this segment of the population.

278. At the onset of the establishment of the new government in Eritrea, they realised the importance of women and their improved participation and that education for women will help to reduce population growth and improve health and nutrition services. Eventhough the indication remain fairly poor for the group, improvements are registered in several areas. Women constitute 21 per cent of the National Assembly - the highest executive body, 13 per

cent of the ministers and almost 50 per cent of the constitutional commission in the newly independent Eritrea.

279. The laws of the country have subsequently been amended and now accords men and women equal rights when they enter into marriage. Bride price and dowry are now prohibited by law and divorce can be initiated by both men and women in Eritrea. The land proclamation act allows every citizen the right of access to land upon the attainment of the age of eighteen, regardless of gender.

280. In other countries, such as Kenya, Tanzania, Uganda and Zaire, there are no reports of concerted efforts to discriminate against women and old traditional setups are being overhauled to eliminate the inherent gender discrimination. Remitting from the past traditions and continued instabilities among the countries, adult literacy rate for females as a portion of males is only 56 per cent. About 36 per cent of the pregnant women are immunized against tetanus between 1990 - 1994 and the proportion of births attended by trained health personnel remain just at 30 per cent.

281. Exclusionist policies and discrimination against women constitute a form of structural dislocation in the agro-based economies of these countries. Women produce a significant portion of many countries' wealth, food and other services. In some cases they make up more than 50 per cent of the population and over one third of households are headed by females. To this end, it is only wise, economically, that unequal access to goods, services, economic opportunities along gender lines be eliminated where each person could contribute to development and share equally from the outcomes.

G. Poverty and Environment

282. The increasingly convoluted domestic intrigues in countries such as Somalia, Rwanda, Djibouti and Burundi provides a backdrop for serious economic deceleration and increased poverty in the sub-region. Thus poverty is prevalent and incidence of the poor more common among the rural dwellers than in the urban centres. This issue becomes even more intractable when there is a combined effect of natural disasters, poor domestic policies and management, wars and rapid growth in population which result in a rapid increase in the demand for resources.

283. With a daily gross income per capita of barely 4.5 United States Cents in 1994, (165 US Dollars a year) there is no doubt the region contains some of the World's poorest people. Among these group of countries, only very few exceptions exist. Djibouti and Kenya have the best known records and topped the list with per capita incomes of US\$955 and 340 each. At the other extremes are Somalia, Tanzania and Ethiopia (Eritrea included) each of which registered a 1994 GDP per capita of 23, 92 and 101 in United States Dollars each - the three being the lowest among the ten countries as well as the region of Africa.

284. Alleviating or as a matter of fact eradicating, poverty is quite essential aspect of development. This ought to be pursued by all the countries. Be the origin economic, social, cultural or political, unless there is an immediate amelioration in the condition of the impoverished population, poverty will continue like a cancer worm to disrupt and eat deep into the fabric of the society and economic development.

Incidence of poverty - some countries' positions

The attempt to link economic development and social equity is being increasingly perceived more clearly in the development programmes and day to day economic management process among the countries of the sub-region. This departure from the old ways of doing things has some linkage with the recent emphasis on human centered development at world conferences such as those recently concluded in Beijing, Cairo and Copenhagen. They afforded economic planners the hindsight for better understanding and appreciation of the fact that long term social realities ought to be taken duly into account in the formulation and implementation of macro-economic policies. Several among the Eastern Africa Countries such as Kenya, Tanzania, Uganda, Zaire, Eritrea, Ethiopia etc have clearly increased their effort to link poverty reduction and the root issues that perpetuate its existence - such as environmental management, to the long term development strategies. The determination is there and so is the expectation of tangible results. Unfortunately the lack of viable economic, social and political environment continually threaten the prospects of ever achieving the targets in any meaningful way. Even as programs get completed and other initiated, the problems get even more intractable suggesting, of course, the influence of some exogenous factors.

To this effect, the development partners of these countries should accord broader recognition to a stronger support to the domestic efforts including an adequate volume of external financial flows. Other measures in the form of improvement in aid modalities, effectiveness and coordination, and debt relief could quite complement these efforts. Among these countries exist some of the poorest nations, with economies dominated by agricultural sector, and other undesirables - the worst cases of wars, genocide and fights to control the rapidly decreasing resources, in their worst forms.

Partners should consider these factors when designing and implementing aid assistance. The objective, here, is to arrest the domestic causes of deterioration in the socio-economic situation, reactivate and accelerate internally driven growth in a circumstance where development is sustainable and sustained by local forces amidst the clearly perceivable and expressed donor fatigue in aid assistance.

Environment

285. Activities leading to land degradation, desertification and deforestations are equally taking place in this sub-region. Pollution, droughts and desertification threaten millions of lives and produce several millions of other endangered species of both people, wild fauna and flora. As agricultural land diminishes, emanating from bad practices, the economic frontier expands and the human population continue to increase at the current rates, the problem complicates.

286. During the war in Ethiopia and Eritrea, there was a wholesale disregard and lack of understanding of environmental damages. Treatment for soil and water conservation and reforestation is now underway in many areas of both countries. Costs could run to as high as 11 thousand Ethiopian Birr per hectare.

287. Drought and encroaching deserts threatened wildlife conservation and their co-existence with predominantly agricultural local population. Kenya, Somalia and Djibouti are all victims. Areas with high influx of refugees in Uganda, Kenya, Tanzania and Zaire have sustained large damages. Refugees in Kagera and Kigoma regions of Tanzania are said to deplete forests, tree crops, and natural grasses. Areas up to 6 km from camp areas are cleared of natural forests for fire woods, construction woods and grass leading to serious land erosion and general environmental decline.

288. In Uganda and Zaire, farmers near and along refugee transit routes reported severe damages to their fields and crops.

289. The ecology of some of these countries are already under stress and those man made factors which are admittedly beyond their controls add to exacerbate them. The agricultural production of these areas has thus gone down just at time that increasing strain and pressure is being exerted for them to support a higher number of desperate and extremely impoverished people. This is the highlight of the mutually reinforcing nexus of poverty, population displacement and environmental degradation in the subregion.

290. Economic and social developments have gravitated around on central theme, in Africa. That is the need for integrated and balanced approach to dealing with each, having now realised that one cannot move forward unless the other is receiving the necessary and adequate attention.

PART 3: RECOMMENDATIONS

291. Making the right policy choices is a key element towards ameliorating the current economic and social conditions, in the countries of the Subregion. Some issues carry more weight than others in their impacts on the economies and as the such on the social conditions. However, in solving the entire problems, it is necessary to be rigorous. It also helps to start with the easily implementable aspects of the solutions. This way the comprehensive result could be achieved by tackling the problems, bit by bit. It is with this in mind that the priority order of the recommendations below were designed.

292. Moreso, the concept of continuity demands a view of the natural world as units. Each unit as different, yet mutually supportive of the whole. This is compatible with progress. It makes for development, seeks to affirm the importance of time and efficiency, and refuses to discriminate between means and the end. The question of what to develop , when to develop them and how to proceed could truly be crucial to whether the aims are achieved. This explains the thinking that went into the priority order of the following recommendations.

*** Statistics**

293. Statistics and data management are very fundamental components of quality and accountable economic management. Statistics change our view of the surrounding environment, and helps us focus on what societies deem important. At all times, for better or worse, they enable us detach progress from failures or impending weakness. They guide government, business and individual decisions. It therefore follows that only through accurate knowledge of our systems and the economies can there be a meaningful and balanced redefinition of the future direction of our societies to avoid a relapse into the common mistakes of early years of post-independent Africa.

294. Countries should therefore aim at producing detailed and quality statistics on their economies through increased resource allocations to data collection, analysis and management. This point can never be over emphasised as the alternative will always lead to imbalances in both economic and social sector where countries only move in circles without any sustainable achievements.

* **Reforms**

295. a) The reforming countries still have some distance to travel to reach a policy stance that can support sustained growth in per capita incomes. The path has been opened. Full cognizance must, however, be taken of the mutually supportive interactions between all the sectors of the economy. Agriculture interact with manufacturing, services, trade and income at virtually all stages of economic development. Any imbalanced growth or the lack of it in any of the sectors could be potentially damaging. Attention should therefore be focused in managing the economy in all inter-connected way. Simply relying on only agriculture no matter how good it may be, in the short term is one area to be reviewed in adjustment and reform programmes.

296. b) Essential part of reform must be to maintain capital markets - specifically the process of establishing and managing investment vehicles such as unit trusts. Doing this requires growth in financial activities and the emergence o specialized institutions but in one area that the government can take the preliminary steps in order to eliminate the impediments to the initial take-off.

297. c) To restore domestic and external price stability through appropriate financial discipline, fiscal and monetary policies as part of the policy implements will have desirable effects on the economies.

* **Industrialization, trade and economic cooperation**

298. Industrialization is still vital to economic development and employment generation to Africa and the subregion. Manufacturing constitutes the core of supply-creating networks of production linkages with various sectors of the economy. In the absence of market, however, industrial growth cannot bolster.

299. a) Countries should therefore strive further to achieve closer economic cooperation among them and eventually unify the fragmented markets. This mode of action should earn leverage from Lagos Plan of Action (LPA), Final Act of Lagos (FAL) and the recently ratified African Economic Community Treaty (AEC). It requires higher inclination to adhere to an intra-regional trade framework as a gesture of goodwill to the partners to give the system an operational relevance.

300. b) Further reduction or total elimination of custom duties, quota restrictions and other barriers are imperative. All that might be needed are modifications and simplification of existing procedures to reduce the weight of rules for the incipient industrialization process in these countries.
301. c) Currencies must be made convertible. Without this, even bilateral trade will be inhibited and cross-boarder movement of goods will definitely be restricted for commodities for which demand might obviously exist.
302. d) The chances of achieving the desired development goals, particularly in industrialization require that countries pull their resources together and work as cooperatives than competitors. Cooperation arrangements should emphasis methodical and rational distribution of industrial bases. Complementarity achieved in this form guarantee increased value-added to available raw materials and the existence of demand for the products.
303. e) It might prove difficult, in the short term but upgrading transport and communication facilities is very crucial. Countries must gain access to each others market for trade to prosper.

304. The combination of conditions for trade and cooperation to bolster in this subregion depends on the respective players. Their ability to create opportunities for the economic sectors to experiment in the development of new and diverse products; methods of manufactures, and modes of enterprise organization. Also, improved complementarity and methods of transmission of economic influence among the countries.

* **Social developments**

305. A good portion of people living in absolute poverty in the subregion is explained by the instabilities and political conflicts existing in the countries. Consequently, not much could be done until these conflicts are resolved. Wars means that most working age people are displaced and cannot respond to opportunities. Several are rendered infirm while others simply contribute to further destructions. To this effect, ending the numerous civil wars and re-organising of the agro-based population will be a fantastic undertaking. The task is difficult but given the condition of the agricultural sector and the contribution to the various economies, effort in this direction will never be a waste.

* **Education**

306. Government should look deeper into the increasing disparity between the urban dwellers and the rural population with emphasis on the need to induce a balanced pattern of rural-urban development.

* **Environment, poverty and energy**

307. a.) A necessary part of policy making is the analysis of the implications of development plans on the depletion and degradation of resources and poverty. Such impacts need to be meaningfully reflected in accounting systems with a view to improved conservations. Natural resources particularly the forests are important to everybody.

308. The coalescing interdependence between the rural poor and forest is a new and necessary discipline of economics that should be preserved. To do that, sourcing alternative sources of energy is critical. Natural gas, liquid petroleum gas and Kerosene are sources of those available alternatives that need to be explored further to also curtail the depletion of forests and impoverishing the agricultural populations.

309. b.) Economists should remember that they manage not just numbers but the house of living things. And environmentalists should bear in mind that in our crowded planet where so many people struggle just to provide their basic needs, the well-being of the house depends on the well-being of the people. Reform should seek to formulate environmental policies that complement the economic policies. Countries should thus use the opportunity to paint to the need for proper environmental policies and begin to put them in place those that build on the positive links and those that break negative links.

* **Conflicts**

310. The much talked about peace dividend materialized for the world as a whole only Africa's share was allowed to slip through our fingers. High levels of military spending now almost seem to be a privilege for the continent's and the subregion's poorest nations. And the defence establishments all around the subregion are known to be the main consumers of the best scientific talents which could otherwise be employed on productive activities. Countries should try to cut high military expenditures. The international community should also generate

pressures to eliminate sophisticated arm shipments to potential trouble spots. This is just the next step in making the subregion safer for people and for human developments.

* **Environment**

311. Saving the planet is everybody's task and is about redefining our development model. Conflicting interests and lack of vision and courage are among the many reasons why it is so hard to meet needs in a world of plenty. Countries should single out the products and processes that must be phased out and those to expand. Where there are very serious clash of interests, governments should intervene and let the product prices tell the ecological truth.

* **Information**

312. Countries should endeavour to fight in a very ambitious way the exaggerated and overwhelming bad publicity that they have been receiving in the international community as well as work to eliminate those negative circumstances that give slightest credence to such publicities. As is obvious most investors and equally the ordinary tourists quickly change their itineraries with any slight report of mishap in countries, particularly those of Africa.

313. The bad image that the countries have come to acquire have scared away capitals, resulted in capital flight and even left serious doubt on the economic perspectives of countries, even among natives that have stayed behind. This problem can be solved by the information ministries organising perpetual press briefing for resident embassy officials and the mass media to communicate the government's positions on issues and use their responses as a guide for meaningful changes in the future development plans.

314. Biases could be destructive and until the national governments learn to objectively communicate their positions, people will always speculate from little observations leading sometimes to stigmas that could obliterate both political and economic progress in countries.

STATISTICAL ANNEX
GDP in 1990 Prices (Million US Dollars)

	1990	1991	1992	1993	1994	1995	1996 ^B	1997 ^P
Burundi	1107		1320	1379	1402	1445	1462	1491
Djibouti	471		477	477	479	492	516	517
Eritrea	NA		NA	NA	NA	NA	NA	NA
Ethiopia	6005		5366	5516	5681	5063	5986	6057
Kenya	8676		8887	8820	9163	9721	10260	11283
Rwanda	2530		2596	2631	1359	1359	1372	1427
Somalia	609		539	539	425	425	429	447
Tanzania	2542		2631	2746	2723	2818	2904	3048
Uganda	3707		3939	4213	4572	4777	5064	5185
Zaire	8677		7142	6216	6832	6678	6646	6798
TOTALS	34324	33696	32897	32537	32636	33579	34639	36252

Source: ECA

E : Estimates

P : Projections

BASIC INDICATORS

COUNTRY	GDP IN 1995- (MILLION US \$ - 1990 PRICES)	POPULATION * 1995 IN THOUSANDS	GDP PER PERSON
BURUNDI	1445	6393	226
DJIBOUTI	492	577	852
ERITREA	-	3531	-
ETHIOPIA	5863	55053	106
KENYA	9721	28261	344
RWANDA	1359	7952	171
SOMALIA	425	9250	46
TANZANIA	2818	21297	132
UGANDA	4777	29685	162
ZAIRE	6678	43901	152
SUBREGION	33579	205900	163

Source: United Nations, World Population Prospects, 1994 Revision, New York 1995.

MERCHANDISE TRADE (MILLION OF US DOLLAR)

Country	Exports (FOB)						Imports (CIF)						Balance of Trade					
	1990	1991	1992	1993	1994	1995	1990	1991	1992	1993	1994	1995	1990	1991	1992	1993	1994	1995
Burundi	75	92	74	152	175	103	235	249	225	206	252	232	-160	-157	-151	-54	-77	-129
Djibouti	59	64	69	81	89	91	215	215	477	438	412	414	-156	-151	-408	-357	-323	-324
Eritrea	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA
Ethiopia	294	167	178	242	304	315	1076	472	1263	1138	1125	1401	-782	-305	-1085	-896	-821	-1086
Kenya	1120	1015	1337	1275	1658	1890	2041	2178	1836	1745	2738	2430	-921	-1163	-499	-471	1081	-741
Rwanda	100	91	96	93	72	75	288	306	288	276	270	213	-188	-215	-192	-183	-198	-138
Somalia	150	85	103	102	130	141	344	160	217	263	269	273	-244	75	-114	-161	-139	-132
Tanzania	412	385	442	459	519	684	1150	1156	1420	1315	1309	1396	-738	-771	-978	-856	-790	-712
Uganda	181	174	178	157	369	4546	577	397	383	451	520	939	-386	-223	-215	-294	-151	-484
Zaire	1362	1612	1286	1006	1131	1450	1302	1042	751	808	936	920	60	670	537	198	196	530
Totals	3753	3685	3765	3567	4422	5004	7278	6175	6869	6640	7852	8218	-3525	-2490	-3105	3073	-3430	-3214
Africa	82219	81216	88788	79037	84165	-	83589	80316	95577	87832	95386	-	-1370	-900	6789	-8795	-11221	-
World	3382200	3484000	3728810	3713300	4184600	-	3496900	3598400	3848400	3762500	4314900	-	-	-	-	-	-	-

Source: IMF Direction of Trade Statistics Yearbook
National sources, and ECA estimates

EXTERNAL DEBT AND DEBT RATIOS - 1994
(DEBT STOCK \$US MILLION)

Country	Total external debt	Debt to export of goods and services (ratio)	Export of goods and services	Total debt services
Burundi	1126	689.2	163	36
Djibouti	246.9	61.2	404	95
Eritrea	NA	NA	NA	NA
Ethiopia	5059	642.4	787	92
Kenya	7273	272.8	2666	888
Rwanda	954.3	1871.2	51	6.4
Somalia	2616	2012	130	30
Tanzania	7442	870.7	855	174
Uganda	3473	1008	344	152
Zaire	12336	1090	1131	66

NA : Not available.

Source: World Debt Tables

MAJOR VOLUNTARY MOVEMENTS OF REFUGEES DURING 1994 BY COUNTRY OF ASYLUM/ORIGIN

COUNTRY	ASYLUM NUMBER '000'	ORIGIN NUMBER '000'
BURUNDI	81	271.1
DJIBOUTI	9.5	-
ERITREA	0	8.7
ETHIOPIA	-	38.3
KENYA	75.6	-
RWANDA	-	234.9
SOMALIA	-	59.4
TANZANIA	285	-
UGANDA	-	3.4
ZAIRE	158.8	-
TOTALS	609.9	615.8

Source: State of the World Refugees - UNHCR

REFUGEE POPULATIONS BY COUNTRIES OF ORIGIN AND ASYLUM END OF 1994

Country	Asylum	% of subregion's total	Origin number '000'	% of subregion's total
Burundi	300.3	7.8	388.8	10
Djibouti	33.4	0.08	18	.05
Eritrea	-	-	419.3	10.8
Ethiopia	348.1	9.0	183.9	4.8
Kenya	252.4	6.6	8.2	.021
Rwanda	6.0	.0156	2256.1	58.3
Somalia	0	0	501.7	12.96
Tanzania	883.3	23	-	0
Uganda	286.5	7.5	25.3	.06
Zaire	1724.4	45	68.2	1.8
Totals	3834.4		3869.5	
Africa	6752.2			
World	14488.7			

Source: State of the World Refugees - UNHCR

SOME BASIC SOCIAL INDICATORS

Country	US MR		INF MR		Life expectancy		% of pop. with access to safe water 1990-95	% of pop. with access to health services 1985- 95	Adult literacy rate 1990	
	1960	1994	1960	1994	1960	1994			Male	Female
Burundi	255	176	151	106	42	50	70	80	45	19
Djibouti	289	158	186	113	40	48	-	-	-	-
Eritrea	294	200	175	117	40	50	18	34	-	-
Ethiopia	294	200	175	117	37	47	25	46	41	21
Kenya	202	90	120	61	46	58	53	77	83	62
Rwanda	191	139	115	80	43	47	66	80	65	44
Somalia	294	211	175	125	37	47	37	27	36	14
Tanzania	249	159	147	105	41	52	50	80	75	50
Uganda	218	185	129	111	44	45	34	49	70	44
Zaire	286	186	167	120	42	52	27	26	83	61
Subregion's average	257	170	154	105	41	49	42*	55	62	39
Sub-Saharan Africa	256	177	153	107	41	51	45	57	63	42

* Excluding countries for which data are not available

Source: The state of the World's Children - UNICEF 1996