UNITED NATIONS INDUSTRIAL DEVELOPMENT ORGANIZATION

Vienna International Centre, P.O. Box 300, 1400 Vienna, Austria

Tel: (+43-1) 26026-0 · www.unido.org · unido@unido.org

United Nations Industrial Development Organization

Distr.
LIMITED

ID/WG.499/1(SPEC.)
25 July 1990

ORIGINAL: ENGLISH

Regional Consultation on Industrial Rehabilitation/Restructuring with special Focus on the Food-processing Subsector in Africa

Vienna, Austria, 12-16 November 1990

SUMMARY OF 14 CASE STUDIES ON THE STATE OF THE MANUFACTURING INDUSTRIES WITH EMPHASIS ON THE FOOD-PROCESSING SUBSECTOR IN AFRICA*

Prepared by

UNIDO Secretariat

* This document has not been edited.

V.90-86734

PREFACE

At its fourth session, the Industrial Development Board (IDB) decided to include a Regional Consultation on Industrial Rehabilitation/Restructuring on specific industrial subsectors for Africa in UNIDO programme of Consultations for the biennium 1990-91. Following this decision, an Expert Group Meeting on Industrial Rehabilitation and Restructuring with focus on the food-processing subsector in Africa was held from 23 to 25 October 1989 in Vienna, Austria. Prior to the above meeting UNIDO carried out a number of activities including the preparation of studies on the state of manufacturing sector with special focus on the food-processing industries in Africa.

This paper presents the highlights of case studies on industrial rehabilitation and restructuring needs of 14 selected African countries, namely Algeria, Côte d'Ivoire, Egypt, Ethiopia, Ghana, Kenya, Morocco, Nigeria, Senegal, Sudan, United Republic of Cameroon, United Republic of Tanzania, Zaire and Zimbabwe, based on the work of two UNIDO consultants. 1/ The first part looks at the global performance of the African economy by singling out major events that shaped the economy in recent years, then at the present state of manufacturing industry, namely the characteristics of manufacturing industry which include growth and structural changes, intra- and inter-sectoral linkages, investment trends, dispersal of industry, ownership structure, as well as its major problems and constraints. The food-processing subsector is examined using the same criteria as in the industrial sector as a whole, but mainly at macro level. Furthermore, general observations and conclusions are made regarding government policy relative to the food-processing industry, which are pertinent to rehabilitation and restructuring. Finally, an overview of each of the selected countries is made concerning the food-processing subsector with regard to its performance, structure, ownership, constraints, and areas for rehabilitation and restructuring (see annex 1).

1/ Mr. A. Girgre and Mr. A. Ammeter.

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II. TABLES: SELECTED MACRO-ECONOMIC INDICATORS

LIST OF ABBREVIATIONS

CEAO	West African Economic Community
ECOWAS	Economic Community of West African States
ERP	Economic Recovery Programme
FAO	Food and Agriculture Organization of the United Nations
FCFA	Franc de la Communauté financière africaine
GDP	Gross Domestic Product
GNP	Gross National Product
IDB	Industrial Development Board
IMF	International Monetary Fund
MRU	Mano River Union
MVA	Manufactured value added
NIP	New Industrial Policy
ONATRA	Office national des Transports
PAI	Plan of action for industry
PTA	Preferential Trade Area for Eastern and Southern African States
SAP	Structural Adjustment Programme
SADCC	Southern African Development Co-ordination Conference
SMI	Small- and Medium Industry
SNCZ	Société Nationale des Chemins de fer du Zaïre
UNIDO	United Nations Industrial Development Organization
US$	United States of America Dollar

I. INTRODUCTION

1. Industrial development in most of the 14 selected African countries has undergone several changes. These changes varied from country to country. The first was the pre-independence era which was charaterized by the processing of raw materials for export in such countries as Cameroon, Côte d'Ivoire, Ghana, Nigeria and Senegal. In former settler colonies like Kenya and Zimbabwe, as well as in Ghana, Nigeria and Zaire industrialization concentrated at the production of bulky low-valued consumer goods, while light engineering that is linked to mining sprang up in Zaire and Zimbabwe.

2. After independence, in the early 1960s, the new African Statesmen saw industrial development as a means to move from the old pattern of heavy dependence on manufactured imports and export of primary and semi processed goods and to achieve rapid growth and modernization. Industrial policies were formulated with the view of attaining self-reliance through substitution of domestic for imported manufacture and the increased processing of local raw materials.

3. One major problem of import substitution which occured in almost all the countries under review was heavy dependence on external sources for machinery, equipment and a large part of the material inputs besides technical and material know-how. These were procured at enormous costs dictated by the source countries, and contributed in large measures to high production costs. It was also believed that industry would stimulate rapid growth of output through rising productivity with the introduction of modern technology and methods as well as the proportionately greater increase in demand for manufactures instead of primary products as incomes rise.

4. To achieve these objectives, protective policies were introduced which prompted international trading houses to turn to manufacturing of consumer goods locally in order to protect their markets because proven demand already existed. During 1970s direct public investment in capital intensive industries dominated capacity creation in countries like Côte d'Ivoire, Ghana, Nigeria and Tanzania. 1/

5. State investment was also regarded as means of increasing capacity, while at the same time reducing the activities of the multinational companies since there were no capable indigenous private entrepreneurs or domestic private capital: they preferred interventionist policies rather than free market forces. As a result, and generally with full donor support, governments drew up comprehensive five-year plans; invested in large, state-run core industries; and enacted pervasive regulations to control prices, restrict trade, and allocate credit and foreign exchange.

1/ World Bank: Sub-Saharan Africa, From crisis to sustainable growth, A long-term perspective study, Washington D.C. 1989, p. 110.

6. The initial results were promising. In Sub-Saharan Africa during the 1960s, manufacturing value added (MVA) grew at more than 8 per cent a year - almost double the growth rate of gross domestic product (GDP). By 1965 manufacturing exceeded 15 per cent of GDP in 12 countries (Botswana, Cameroon, Chad, Côte d'Ivoire, Ghana, Kenya, Madagascar, Mauritius, Senegal, Togo, Zaire and Zimbabwe). 2/ Record commodity prices and high investments financed from export earnings, commercial borrowing, and aid helped raise industrial growth rates. Though there were signs of product diversification, consumer goods remained dominant. In oil producing countries, the share of intermediate goods industries rose in the 1970s from about 30 to around 40 per cent, mainly through investment in oil refining in few oil producing countries.

7. The late 1970s and early 1980s signaled a period of declining growth and underutilization of installed capacity in the industrial sector, indicating that the growth achieved was not sustainable and that the African economy was not properly transformed to be able to withstand changing external shocks. These shocks included falling prices of primary products which were the main sources of foreign exchange needed by the African countries to purchase capital goods and spare parts, as well as the increasing price of mineral oil. Behind the broad trends, experience varied greatly from country to country. Average annual GDP growth during 1961-1987 ranged from 8.3 per cent (Botswana) to minus 2.2 per cent (Uganda).

8. Africa has now witnessed almost a decade of falling per capita income and accelerating ecological degradation. According to ECA assessment of the economic situation in Africa, there was a slight growth of 2,8 per cent in 1989. This economic performance was not enough to reverse the persistent decline in the standard of living. With population rising faster (3 per cent per annum), average income fell by 0,3 per cent. Africa has lost a substantial part of its share in the world market for its commodity exports. In the face of declining export markets and commodity prices, many African countries resorted to heavy external borrowing to sustain levels of expenditures made possible by earlier high foreign exchange earnings. Sub-Saharan Africa's total debt increased from about US$ 6 million in 1970 to US$ 134 billion in 1988. 2/ By the end of that period the region's debt was about equal to its gross national product (GNP) and three-and-a-half times its export earning.

9. Debt service obligations rose in the 1980s to a point where they could not be met. They stood at 47 per cent of export revenues in 1988. Since 1980, not more than a dozen African countries could service their debt regularly.

2/ World Bank: Sub-Saharan Africa, From crisis to sustainable growth, A long-term perspective study, Washington D.C., November 1989.

II. STATE OF MANUFACTURING INDUSTRY

2.1. Overall characteristics

10. Prior to the early 1980s, the general performance of the African economies as measured by the index of industrial production was not different from those of other developing countries. Thereafter, the performance of the manufacturing industry in Africa as a whole has been uninspiring and even deteriorated compared with other developing countries. Capacity utilization was very low in the early 1980s, for example, 33 per cent in Sudan (private sector), 36 per cent in Liberia, 25 per cent in Tanzania and between 30 and 50 per cent in Zambia. 3/ The sector was characterized by: (see Table 2)

- Stagnating or declining growth in physical output, gross value, manufacturing value added, employment, productivity and exports;
- Stagnating or declining contribution to gross domestic product;
- Rigid structure that is heavily inclined towards production of light consumer goods and decelerating investment.

11. There was however an upturn from 1985 onwards. The sub-saharan African countries registered in manufactured value added terms, an improvement from -0.8 per cent in 1984 to 4.1 per cent in 1985, which has remained at that level. In the case of North African States, the growth was even higher.

12. There are doubts however if this upward trend would continue because of the following reasons:

(i) Many if not most African countries depend heavily on domestic markets and there is no sign that this dependence will change in the short- or medium-term. Because of the sluggishness of the overall economic growth, the domestic markets have expanded very little.

(ii) The slow overall growth of the economy could be attributed to the fact that the majority of African countries are heavily dependent on commodity exports, which have stagnated during the 1980s. These export earnings are very crucial for industrial development, because industries in Africa depend on overseas imported equipment, machinery and raw materials; and

(iii) The sharp rise in prices for intermediate inputs and capital goods imported from industrialized countries aggravated the situation.

2.2. Major problems and constraints

13. The problems confronting many manufacturing industries of these African countries under review are multifaceted because of internal and external pressures. African countries are not isolated from the rest of the world. The economic situation in the industrialized countries has a great influence on the manufacturing sector in the developing countries, particularly in Africa.

3/ UNIDO, Industry and Development, Global Report 1989/90, Vienna, 1989, p. 62.

14. That African countries are exporters of primary products is well known. The export of these primary raw materials depends on the economic situation of the industrialized nations. It is therefore obvious that only through growth in the industrialized countries, can the African countries secure demand and access to the markets for their exports as well as necessary financial in-flows.

15. The foreign exchange earnings of these African countries were greatly influenced by the falling export prices for commodity export and stagnating or even declining export volumes to the industrialized countries. These led to frequent devaluation of African currencies against hard currencies, which themselves had excessive fluctuations in foreign exchange rate markets (see Table 6). Except in countries whose currency is tied to the French Franc, all other local currencies devalued against the US$. The fluctuations of the US dollar in the recent past constituted a major problem in the international financial markets. A rising US dollar might mean an increase in the export earnings of primary export commodities priced in US dollar by commodity boards. Conversely, a rising US dollar implies that debt and debt servicing denoted in dollar or other hard currencies grow in size in terms of local currency. On the other hand, a fluctuating dollar, creates uncertainity and makes planning difficult.

16. The decline in commodity prices led to the depletion of the foreign currency reserves and massive foreign borrowing in order to support/maintain their past standard of living and to keep their industries running (see Table 4). The rising international interest rates as well as the high dollar exchange rate, particularly in the early 1980s, hindered the efforts of most African countries to service their debts. This has indirectly affected manufacturing. More direct effects are the high cost of new foreign credits and the discouraging implications which high international interest rates have on industrial investments. In addition, tariff and non-tariff barriers in the industrial countries further aggravated the situation resulting from low commodity prices.

17. On the national level, at the early stages of industrialization, industrial projects were often based on overly optimistic assumptions of domestic market demand growth, availability of local raw material, export prospects and the development of supportive national infrastructure which did not materialize. In many cases, investments were made on the basis of project concepts that were technologically too complex to be sustained over a long period without significant foreign assistance. Export products suffered from the quality and presentation which did not meet the standards of industrialized countries. The policy of import substitution accompained by high protection regimes intended to protect infant industry led to high costs and weak performance. In addition, high import tariffs were not used as instruments of growth but rather as means to raise revenues and curb the outflow of foreign exchange.

18. In many projects, insufficient support in the form of training and other essential auxiliary inputs like production of local spare parts and equipment maintenance affected productivity drastically. Price control on raw materials and finished products, trade and industrial policies have in many cases distorted markets and production costs. The food-processing industry, especially, seems to have been seriously affected as anticipated raw material supplies to processing industries proved to be insufficient, irregular due to natural catastrophes or political disturbances posing a very serious threat to renewed industrial growth. The maintenance of fixed exchange rates which

held down import prices in the face of rapid domestic inflation, led to overvalued currencies and lowered the real return to exporters in terms of the purchasing power of their local currency earnings. Low import prices also discouraged the local production of industrial and agricultural goods that could not face import competition.

19. Plant specific and sectoral problems could be identified as technological, organizational, managerial, manpower, distribution and marketing and financial ones.

20. Since many industrial plants in most of the countries under review were established during the pre-indenpendence era or soon after independence, most of the equipment is at present old and obsolete. Continuous breakdowns and lack of adequate maintenance of these plants and equipment is a serious constraint to capacity utilization. Plant and equipment could not be replaced or serviced because of acute shortage of foreign exchange and shortage of fixed and working capital.

21. The shortage of competent management in these African countries is well documented and needs no further elaboration. There are however two components of competent management that seem to be overlooked by analysts. These are management's capability to engender a sense of belonging among the workers; and to plan utilization. There exist also symptoms of unhealthy management-employee relations and signs of weak human resource management. There is a general shortage of trained staff especially at middle management and technician level. This results in poor production cost control, low quality and productivity, with adverse consequences to profitability.

22. Manufacturing industries have not been able to reduce their import dependence and improve on their export operations especially to neighbouring markets. Sometimes the location of the industries is far removed from both producer and consumer markets so that the additional cost of transportation to the consumer increases the price of their products, making them uncompetitive against the imported ones. Futhermore, heavy government subsidies to state-owned manufacturing industries put competing private enterprises at a disadvantage reducing their profit margins and dampening their possibilities to extend to export.

2.3. Inter- and intra-sectoral linkages

23. There is very little inter-linkage between the manufacturing sector and other sectors of the economy in the selected African countries. It could not however be denied that some inter-sectoral linkages have been developed. Such linkages may be found in the agro-processing, textiles, petroleum products and non-metallic/metal industries in some countries.

24. However, the continuing heavy dependence of the manufacturing sector on imports of intermediates, spare parts and machinery may indicate that there is little industrial integration.

25. The larger part of the raw materials - minerals and agricultural products - are exported after only rudimentary processing thus limiting employment creation and income generation. In the case of Côte d'Ivoire, only a small part of cocoa and coffee crop undergoes any form of processing before exporting. On the other hand, some manufacturing industries rely heavily on the imported raw materials which could otherwise be locally available. Nigeria for instance imports iron ore for its iron and steel industry inspite of assumed large domestic deposits which have not been developed. 4/

4/ See UNIDO: Atlas of African Industry, Iron and Steel, Vienna, 1989, p. 20.

2.4. Spatial distribution

26. In almost all the countries surveyed, manufacturing activities tend to be concentrated in a few localities particularly capital cities and industrial centres which claim a disproportionate share of infrastructure. There has, however, been a shift in recent years in some countries like Côte d'Ivoire, Egypt, Ethiopia and Nigeria where new plants are more widely dispersed as part of a declared strategy and incentives to attain geographic balance of the development process.

2.5. Ownership

27. After independence, many of the African countries under review chose to adopt development strategies that would lead them to rapid economic growth with the industrial sector playing the lead role in the socio-economic development because of its potential high growth rate. They however, lacked organized indigenous and financially bouyant entrepreneurs. This prompted the new governments to establish public enterprises and nationalize private foreign owned enterprises in order to promote national interests and avoid or minimize disruption in the production process. Thus in the late 1950s and the 1960s, the industrial vigorous persuance of speedy industrialization with a massive participation of the public sector in medium- and large-scale industries was pursued, leaving the small industries to the private sector.

28. However, the newly emerging governments did not have the necessary experience to set up and operate industrial units and consequently they have had bitter experiences with failures and gross inefficiencies of public enterprises. It comes therefore as no surprise that most industrial enterprises identified as needing rehabilitation are in the public sector. To solve this problem, some African governments are now introducing measures to attract private foreign and domestic investors through investment codes and incentives such as foreign exchange allocation, tax rebate, liberal depreciation allowances, cushioning of foreign exchange losses and guaranteed provision for remittances of profit abroad.

III. FOOD PROCESSING INDUSTRY

3.1. The importance of agriculture

29. The food production chain includes among other things, the production of agricultural products, processing, storage, handling, transportation, distribution and marketing. These functions are very inter-dependent and a change in one part of this chain affects the activities in the rest.

30. A discussion of food-processing industry would be incomplete without mention of the source of its vital raw materials - agricultural sector. Most African countries place agriculture as one of the priority sectors in the development of their economy. Even oil producing countries like Cameroon, Nigeria and Egypt assign to agriculture a lead role; the same applies for relatively more industrially advanced countries like Zimbabwe, Algeria and Egypt.

31. The importance of agriculture could be seen in its contribution to the gross domestic product, employment (see table 9) and export of the 14 countries under review. In 1988, agriculture accounted for 42 per cent of

Ethiopia's GDP, 51 per cent of Ghana's and 64 per cent of Tanzania's (see Table 7). In 1987, agriculture's share to the total export stood at 62 per cent, 75 per cent, 79 per cent, 86 per cent and 96 per cent for Ghana and Kenya, Tanzania, Sudan, Côte d'Ivoire and Ethiopia respectively.

32. Though, the trend of employment in the agricultural sector has been falling since 1980, it remained the largest employer of labour in the countries under review (see Table 9). With the exception of Algeria (26 per cent), Morocco (38 per cent) and Egypt (42 per cent), it accounted for more than 50 per cent of the total employment. As always, there are expections - notably Egypt, Morocco, and Zimbabwe where agricultural production accounted for only 21, 19 and 11 per cent of the GDP respectively (see Table 7). By contrast in Nigeria, it accounted for only 8 per cent of the total export in 1987 (see also Table 8) because of high oil exports.

33. In spite of the dominance of agriculture and some impressive statistics of its share of GDP and exports as mentioned above in the countries studied however, agriculture has not been developed to its full potential. In spite of the availability of extensive arable land and water resources, for example in such countries as Ethiopia, Ghana, Nigeria, Tanzania and Zaire, yields remain grossly below those of industrial countries, technologies primitive, use of fertilizers and pesticides limited. Its rate of growth lags behind population growth rates, thus often resulting in serious food shortages and shortages of raw materials for food-processing industry. The vagaries of weather have also had their toll on agriculture because of draughts and sometimes floods. Government pricing policies have often not been conducive to agricultural growth because of low prices which made farmers refuse to grow cash crops and turn to subsistence agriculture.

3.2. <u>Structure of the subsector</u>

34. Judging from the results of the recent studies from the 14 African countries, it could be concluded that, food processing dominates the manufacturing sector. In structure, performance, dispersal and in the nature of sub-sectoral problems, there exist remarkable similarities among these countries.

35. The food manufacturing industry in the 14 African countries is dominated by small-scale enterprises employing less than 20 workers. Information on this part of the food industry is very poor or not available at all. In ownership pattern of medium- to large-scale firms the countries fall in two major groups: completely State controlled in Ethiopia and Tanzania and a mix of State and private owned in the rest of them, with the larger ones having substantial State participation. The exception to this pattern of ownership is observed in the sugar industry. In all the countries but Zimbabwe, sugar processing is entirely under public ownership or mixed ownership in which the government owns the majority shareholding.

36. The small food-processing plants are characterized by family-type ownership, crude equipment, simple processing, high wastage. In spite of this they prove to be resilient because of low cost of production. The modern sector of food-processing industry is dominated by medium- and large-scale firms. Though the performance, ownership, management, technological complexity as well as enterprise-specific problems of the large-scale enterprises vary from country to country, there exist however, some common characteristics.

37. These include inter alia, locational concentration - most tend to be located in or around big urban centres, low source of local raw materials or more import dependence, high sophisticated processing (particularly sugar and brewery), low capacity utilization and shortage of qualified and experienced top management personnel and technicians.

38. There has been very little fundamental change in the food industry in the recent past although efforts have been made at increasing efficiency, innovativeness, progressiveness and widening of market territory save for a few transnationals in Kenya and Zimbabwe. There has been little or no action to bring about the required structural change. Experience with horizontal mergers to achieve economies of scale, broaden market and increase product lines has been limited to a few instances. So also was vertical integration to reduce costs, increase utilization and maintain competitiveness.

3.3. Performance of food manufacturing

39. Food-processing industry as one of the most important branch both in terms of output, employment and capacity utilization is in line with the performance trend of the manufacturing sector as a whole.

40. The performance of the food-processing subsector in most African countries is very unstable. Country wise, the level of performance differs. In relative terms, the food-processing industry share of total MVA performed better in Sudan (76,7 per cent), Cameroon (46,3 per cent), Senegal (38,5 per cent), Kenya (26,4 per cent), Côte d'Ivoire (25,5 per cent), Ethiopia (23,1 per cent) and Egypt (21,9 per cent). The high percentage of MVA in Sudan and Cameroon can be attributed to the fact that it includes beverages and tobacco processing.

41. In 1987 for instance, food-processing subsector's share of the total labour force employed in the manufacturing sector amounted to 59,8 per cent (120,000) in Sudan, 50,1 per cent (42,000) in Côte d'Ivoire, 48 per cent (18,000) in Senegal, 26,2 per cent (44,400) in Kenya, 22,2 per cent (18,000) in Zaire and 21,6 per cent (8,600) in Cameroon.

42. In the case of MVA/worker, it was comparably higher in countries like Cameroon (US$ 92,600), Nigeria (US$ 18,000), Algeria (US$ 16,700), Senegal (US$ 11,800) and Côte d'Ivoire (10,800). If the remaining countries were to be ranked in descending order, Zimbabwe, Morocco, Sudan, Ethiopia, Kenya, Egypt, Ghana, and Tanzania would follow next, while Zaire would come last. Sustainable good performance remains elusive.

43. There is no reliable information/data about the share of food processing in export and import in Africa. Yet the following observations may be made:

- For the most part, exports of manufactures stagnated with the exception of processed cocoa in Nigeria, and semi-processed and processed food items from Kenya and Zimbabwe to other Preferencial Trade Area for Eastern and Southern African States (PTA);

- High costs of production are enfeebling competitiveness in the international market; and

- Imports show a declining trend especially in Ghana and Nigeria because of macroeconomic reforms.

44. Despite these observations, the food industry remains the biggest sub-sector in terms of value of gross output at the end of the 1980 decade. In 1987, it accounted for more than 24 per cent of gross output in Africa - close to 77 per cent in Sudan, 46 per cent in Cameroon, and it ranges between 20 per cent in Ethiopia, Ghana, Morocco, Nigeria, Tanzania and Zaïre to 21.8 per cent in Algeria and the rest of the countries.

3.4. Ownership structure

45. The ownership structure of food-processing subsector in the countries under review is similar to that of the overall industrial sector. The public sector in most of the countries controls the large-scale food-processing plants like meat (in Kenya and Ethiopia) and sugar (in Sudan). The idea behind the ownership by the state of such enterprises is not mainly for commercial reasons but to ensure that the population receives the essential products regularly and at reasonable prices. These state-owned food industries are supported by government budget, find it easier to obtain foreign exchange, have better access for raw materials and may find it easier to hire skilled workers. Despite all, they all operate at a loss. The following reasons were attributable to the failure of publicly-owned food industries:

- Excessive interference from the government's supervising authority in management policy as well as day-to-day decision-making process;
- Appointment of the chief executive and other senior management staff without adequate managerial competence;
- Lengthy bureaucratic procedures for obtaining approval of some key operating schemes, import licences, delay in foreign exchange allocation;
- Disappointing labour productivity; and
- Price control;

46. Contrary to the public sector, the privately-owned food industries in the same countries, inspite of externally induced problems, are more vigorous, healthier and foward looking. The reasons may be attributed to stronger management, quicker decision-making, support from foreign parent companies, higher factor productivity, profit motivation, better benefit packages to employees, and the ability of the entrepreneurs to take advantage of the import-substitution policy.

3.5. Major problems and constraints

47. The food-processing industry in most of the African countries visited is currently operating below installed capacity. The industry is undergoing a period of stagnation and performance is generally poor. This could be attributed to a number of factors which affect the operation of the plants and discourage investment. The constraints to the operation of the majority, if not all of the enterprises include:

- irregular supply of imported raw materials and spare parts due to shortage of foreign exchange;

- poor and inadequate maintenance of equipment and installations, absence of preventive maintenance, lack of spare parts. Maintenance problems are sometimes aggravated by improper use of the equipment;

- inadequate and often poorly maintained infrastructure (power, roads, transport and communications);

- inadequate capability for budgetary control, production planning and control, product costing, market forecasting and price fixing;

- limited domestic market options and failure to identify a market niche; limited export opportunities due to uncompetitive prices, poor product design and quality, as well as the inability of many firms to guarantee delivery dates. Under liberalization policies, competition from imported goods has recently become a problem;

- inadequately developed and poorly functioning banking system resulting in inefficiencies and lack of liquidity. Overdraft facilities, which most small food-processing plants need in order to utilize their installed capacity to the full, are hard to get due to problems with the provision of collateral; absence of services to the food processing industry such as consultancy or repair shops;

- inconsistencies in tariff and tax regulation and implementation of regulations;

- growing dependence on increasingly costly imports, particularly packaging materials. This renders export possibilties difficult in the face of a highly competitive and quality conscious international market;

- price control which fixes low prices for agricultural products and discourages farmers from growing the products which serve as inputs to processing plants;

- badly co-ordinated machinery and equipment which were procured from different suppliers;

- inadequate macro-economic and sectoral policies and the absence of institutional capability to formulate and evaluate policies;

- inadequate attention to human resource development;

- low support and investment for research and development.

3.6. Linkages

48. The industrial sector of which food-processing is a part has weak forward and backward linkages with the domestic resource base. Figure 1 shows ideal linkages between food processing industry and other sectors of the economy. Most of these linkages do not exist at present. The reason is that most of the raw material inputs, machinery, as well as spare parts are imported. In an integrated process, where forward and backward linkages exist, agricultural growth should lead to processing and a manufacturing industry relying on local sources for its inputs. Manufacturing industry, on the other hand, should be in the position to supply inputs of fertilizers, chemicals, tools and equipment to the agricultural sector. The metal sub-sector of the manufacturing industry should be able to meet the requirements of the food-processing sub-sector in tools, spare parts, repair services as well as equipment. Stronger linkages would not only save scarce foreign exchange, but could generate a higher degree of processing of domestic raw materials, raise

the domestic value added of export products, and in turn result in higher export earnings. Increased processing of local food will not only increase employment, but also increase income and consumption behaviour of the consumers.

49. Unfortunately, until recently, policies in most African countries were not conducive to such an integrated development. However, many countries have in the past few years, recognized the need for such an integrated development approach, and formulated policies to encourage such linkages. However, international assistance is needed for effective implementation of such policies.

50. Experience shows that the food industry could benefit from deliberately encouraging horizontal and vertical integration. Examples could be drawn from a few cases where integration helped efficiency, capacity utilization and profitability. For example, horizontal integration of small bakeries and biscuit production in Ethiopia has been reported to have improved profits. Another interesting case was the decision of a Food Complex in Ghana to go into agricultural production to expand its sourcing of raw materials for animal feeds. This venture helped to increase capacity utilization and profit.

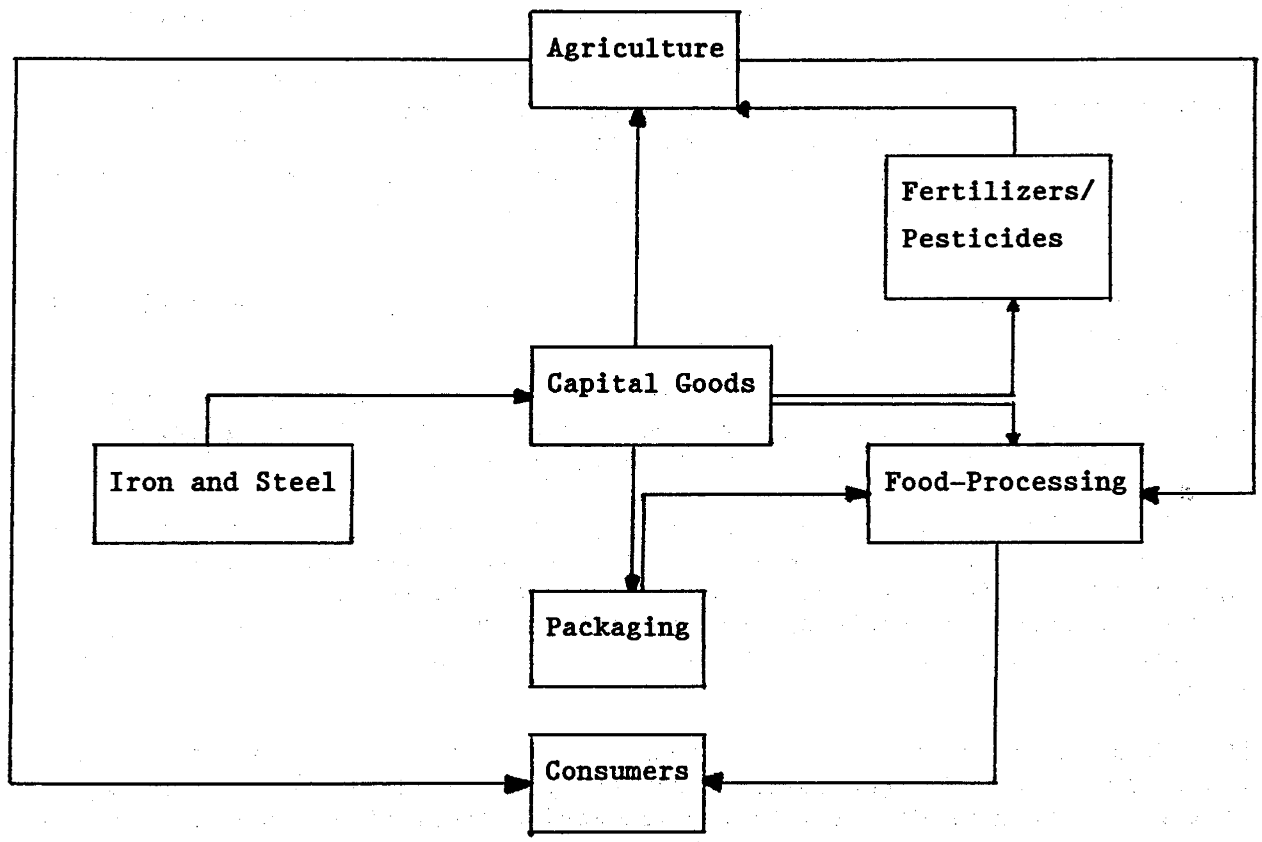

Fig. 1. Linkages of food-processing industry with other sectors of the economy

IV. CONCLUSIONS

51. The rehabilitation of manufacturing industry depends to a large extent on the long-term recovery of the economy of the respective countries. However, the rehabilitation of an enterprise may only provide a short-term cure, unless it is accompanied by structural transformation in the medium- and long-term to remedy the basic causes of industrial stagnation and attain self-sustaining development. The applicability of any conclusions arrived at should therefore only be considered in the context of the overall recovery of the economy.

52. The rehabilitation and restructuring of manufacturing industry is influenced to a large extent by the methods governments adopt to formulate and execute policies related to economic development. Policies relating to tariffs, prices, exchange control as well as other protectionist measures have not always encouraged economic and hence industrial development and may therefore need to be reformulated.

53. The concept of industrial rehabilitation and restructuring within the structural adjustment programmes includes measures aimed at securing optimal use of existing capacity and resources for future industrial growth. However, in the face of scarcity of investible resources the question that arises is, which enterprises to identify that are best suited for rehabilitation and restructuring? That is, where could scarce foreign exchange and other investible resources be most efficiently invested to upgrade production and company performance with the greatest possible effect on overall growth?

54. Since the mid-1980s, many African Governments have embarked on one form or other of structural adjustment programmes with the aim of improving the general macro-economic climate. Nevertheless, the findings from the countries visited revealed that most African governments did not review and restructure their fiscal systems such as taxes, tariffs and subsidies as often as was necessary.

55. Foreign exchange allocations are excessively controlled and rigid. It is being relaxed in countries adopting SAP.

56. Previous industrial strategies in many African countries have tended to lay much emphasis on heavy industry while neglecting training of skilled manpower and management to master the relevant technologies.

57. The linkages between food-processing industry and agriculture are weak and need strengthening in almost all the countries concerned. The agricultural policies in the various countries reviewed were not geared towards increased domestic production of local raw material, which would increase capacity utilization in the food-processing industries and reduce imports.

58. Farmers, often refused to produce or supply industries because of low controlled prices for agricultural products. A system allowing farmers to sell their products directly to the processing industries appeared to be more effective; price control should allow a fair return to primary producers and processors.

59. Planned maintenance systems of machinery are virtually inexistent because of the inability to obtain sufficient spare parts due to foreign exchange constraints and because of the severe shortage of trained engineers, mechanics

and electricians to properely maintain the equipment. Because most of the plants are old and obsolete, there is frequent breakdown and closure.

60. Almost all the food processing plants in Africa suffer from the shortage of locally produced or imported inputs due to the following reasons:

- Low agricultural yields and problems connected with handling, transport and storage;
- Lack of working capital for the purchase of material input. These shortages, in turn impede the full utilization of available raw materials;
- Insufficient transport capacity as a result of inadequate preventive maintenance and lack of spare parts;
- Lack of proper storage facilities for perishable local agricultural products.

61. Many manufacturing companies are dependent on imported raw materials, spare parts and machinery. The heavy imports of raw materials especially since the mid-1966, are a result of declining agricultural production, particularly in Cameroon, Côte d'Ivoire, Ethiopia, Kenya, Nigeria and Zimbabwe (see Table 7). Raw materials, spare parts and machinery imports carry unstable and high tariff rates which increase the production costs of the respective manufacturing companies. In the case of the availability of local production, it is often argued that the imposition of protective tariffs of short duration may foster the growth of local production.

62. Many products of manufacturing industries, particularly those of parastatals, are often subject to price control. This was reported to be the cause behind poor financial performance in Ethiopia, Sudan and Zimbabwe. Applications to increase prices usually can only be approved after very long delays to the detriment of manufacturing industry.

63. One of the most important constraints confronting many manufacturing companies, particularly those not involved in the export proceeds retention schemes 5/, is the acute shortage of foreign exchange. This problem has been seriously felt in the importation of spare parts and machinery and essential intermediate inputs, and has adversely affected capacity utilization in no small way.

64. There is a significant deficiency at middle-management, foreman and supervisory levels in most of the manufacturing industries. Top management is also clearly deficient in many cases, particularly in publicly-owned industries where selection of managers is sometimes not based on candidates' managerial competence. Management, training and information systems are inadequate and sometimes non-existent for routine tasks such as accounting, administration, purchase and sales.

65. Many manufacturing companies do not have effective sales organization. Some enterprises, paradoxically, operate in a sellers' market. In view of the considerable excess demand existing for most commodities, they sell their products from the factory gates. Yet, because of constraints leading to low capacity utilization such enterprises do not make the profits usually attributed to firms operating in a sellers' market.

5/ Export proceeds retention scheme is an incentive granted to manufacturing industries engaged in the production and exportation of non-traditional export products by some African countries. The scheme allows producers/exporters of such products to retain up to 50 per cent of their foreign exchange earning for the purpose of importing selected specified items such as raw materials, spare parts and other items essential to production.

66. Enterprises meet with problems in transporting their products to urban market centres or to ports in the case of exports. Generally, it can be said that manufacturing enterprises lack a proper marketing structure and organization of distribution channels.

67. There is absence of efficient regional financial institutions that could facilitate the acquisition of industrial inputs, export credits, equity holdings and across-border investments.

68. There do not exist adequate regional research institutions co-operating in the field of research on scaled-down technologies and adaptation to meet the requirements of small markets, as well as that of marketing, where research and organization of flow of information, and promotion are so essential.

69. There is also a lack of production of spare parts on a sub-regional basis to benefit the industrial sector as a whole.

70. It has also been observed that finance remained a major constraint to all the industrial plants. Whithout an adequate flow of funds, all efforts to rehabilitate/restructure African manufacturing industry will be a waste of time and money. The international community should rally round and help solve this problem.

ANNEX 1

STATE OF MANUFACTURING INDUSTRY - ALGERIA

1. At the initial stage of industrialization, Algeria concentrated its efforts on the promotion and development of heavy industries. Recently however, the Government has shifted its priority to light industries with particular focus on food processing.

2. The share of the food-processing industry 1/ to the GDP averaged 23.7 per cent during 1984-1986. However, the food-processing subsector registered declining growth from 1984 to 1987 in the total MVA (from 19 per cent to 16,6 per cent), MVA/worker (from US$ 19,000 to US$ 16,700) share in total output (from 24,6 per cent to 21,8 per cent) and gross output/worker (from US$ 64,600 to US$ 57,800). During the same period, employment in the food-processing subsector rose from 69,900 to 79,300 workers or 13.4 per cent. The performance of other manufacturing industries was unstable. The textile industries experienced a period of recession, and inflation, which caused a slight decline of its share of GDP. Leather and leather industries did well with 35.4 per cent increase, while wood and paper industries progress was 15.7 per cent.

3. The performance of the agricultural sector was rather not very favourable accounting for about 11 per cent of the GDP 2/ in 1988 as against 14 per cent in 1989. During that period it provided the food industries with the necessary local agricultural products.

4. The Algerian manufacturing and food-processing industries are characterized by their extreme diversity both in products and in number. The private sector plays a very important role in this sector. It is worth mentioning that, public owned enterprises have in the past been given more priority as compared to the private sector. While the activities of public enterprises were in terms of statistics followed-up and monitored, those in the private sector were not monitored. Nevertheless, it is clear that there is a change of attitude by the Government in favour of the private sector.

5. Forced by economic and financial crisis caused by the low productivity and increasing population needs, the Algerian Government has undertaken policy reforms which aim at:

- Decentralization;
- Privatizing of public enterprises;
- Improving the production unit;
- Liberalizing domestic trade;
- Increasing the number of services delivered by banking system;
- Re-allotment of lands from self-managed fields.

1/ Including beverages and tobacco.
2/ The World Bank Atlas 1989.

6. These reform measures introduced between 1984 and 1986 had a stimulating effect in general economic activity. However, the results obtained did not fully satisfy expectations. Inspite of these difficulties, the food-processing subsector recorded a slight growth in terms of monetary value. The public sector industries did very poorly compared by private owned industries both in gross profits and productivity.

7. In spite of this rather unfavourable economic situation, the food-processing industries, managed to improve their performance due mainly to import liberalization.

8. This performance of the food industries could have been much better but for the shortage of local raw material supply due very often to adverse climatic conditions and declining agricultural production, and a growing demand for fresh products.

9. Other problems such as inadequate and infrequent equipment maintenance, shortage of finance, spare parts, lack of technological information and inadequate senior- and middle-management are some of the main constraints which hampered the industrial expansion of the country in general and the food-processing industries in particular.

10. Regarding food-processing industries, the situation may improve through:

(a) The search for solutions to the problems of repair and maintenance of agricultural machinery, of which 30 per cent is at present out of order;

(b) The establishment of a data bank for the processing and dissemination of information related to supplies and investments needed by the private sector; and

(c) The preparation of a directory/brochure for investors with a view to informing them on the conditions and opportunities offered by the new investment code.

STATE OF MANUFACTURING INDUSTRY - CAMEROON

1. Cameroon's economy is dependent on agricultural production for the subsistence of its 11 million people as well as for exports. In 1987, the GNP per capita was US$ 970 and recorded an annual growth rate of 8.1 per cent during 1980-1987. The 21.7 per cent decrease of the GDP during 1985-1988 can be attributed to the national economic crisis arising from decline of commodity prices. Agriculture accounted for 24 per cent in 1987 and 26 per cent in 1988. Agriculture remains a very important sector with a high potential for stimulating economic development. However, this potential is not sufficiently exploited. In 1987, petroleum production distorted the economic balance and accounted for half of the total exports of the country (US$ 0,5 billion). Opinions diverge as of the future depletion of the petroleum reserves of the country. The state's political will has developed a manufacturing sector which presently accounts for about 22 per cent of the GDP and employs about 3 per cent of the working population.

2. The report indicates that the growth of the Cameroonian economy reflects the effects of distortions which characterize the economy of the country, throwing light on a number of fundamental weaknesses. Indeed after a rapid expansion at an annual average growth rate of 10 per cent during 1978-1985, the GNP was seriously affected by the drop of the price of oil which had a negative impact on the balance of payment in 1987 consequently the GDP fell from US$ 12.7 billion to US$ 1.1 billion. In addition, the deficit was worsened by the persistent decline in other commodity prices (especially coffee and cocoa).

3. The external debt of Cameroon reached the level of US$ 4.03 billion or 30 per cent of GDP in 1987. What is giving the government a serious concern at present is the permanent trade imbalance.

4. Exports of agricultural products earned in 1987 FCFA 174 billion and those of non-refined oil amounted to FCFA 215 million, showing a strong dependence of the economy on world oil price. As regards to food-processing industries, imports of raw materials and finished products tripled relative to exports of finished products which annually progressed at a rate of less than 5 per cent. Cameroon, consequently, processes very few of its primary products.

5. Manufacturing industries accounted for 22 per cent of GDP in 1987, and are among those that performed well in spite of the economic recession of the country relative to other sectors. The increase of the manufacturing industries at a rate of 3.5 per cent may be attributed to the Government injection of fresh capital (25.20 per cent out FCFA 12 billion) in this sector.

6. The present economic situation of Cameroon shows that the present industrial policy is not strong enough to sustain the impact of external shock, such as a fall of primary commodity prices as well as world oil price. Limited export activities have not contributed to redress the balance of payment, instead, its industrial policy as a whole was rather oriented to import substitution. In addition, tariff and non-tariff regimes have resulted in monopolistic situations in the country.

7. Further more, the lack of internal as well as external competition have discouraged a vigourous and dynamic management for an orderly development of the Cameroon's industrial sector.

8. To redress this situation it appears that policy measures may be necesary to redress the situation by:

- removal of quantitative restrictions;
- reduction and harmonization of tariff barriers;
- reduction and if possible removal of custom duties;
- restructuring of customs and ports management
- reduction of state expenses, public sector and parastatals by encouraging only investments where profitability in the short-term is evident.

9. Rehabilitation and restructuring of the public sector and parastatals have also become unavoidable, in view of their importance in the country's economy. While privatization may be considered, professionalism in management must be strongly developed. Added to this difficult but necessary adjustment, the financial system should be restructured to allow long term financing for the development of profitable and viable industrial undertakings of the country, in order to foster more valued added.

STATE OF MANUFACTURING INDUSTRY - COTE D'IVOIRE

1. Côte d'Ivoire's strong agricultural performance in the 1960s and 1970s helped sustain industrial growth through increased supplies of domestic raw materials and higher domestic demand. The rapid expansion of agro-based and import-substituting industries was made possible by profound structural changes within a relatively stable external environment, based on agriculture being the backbone of the economy.

2. In 1987, the GDP per capita rose to US$ 994, one of the highest in the neigbouring West African community. The agricultural sector employed 59 per cent of working population and contributed to only 36 per cent of GDP. Agricultural production accounted for 86 per cent of total exports, with coffee and cocoa - the main products - accounting for 60 per cent. However, such trade performance and financial stability are very vulnerable due to fluctuations in world markets for these two products.

3. Since independence in 1960 Côte d'Ivoire has undergone four phases in its development process:

- The initial phase of industrialization (1960-1970) was based on import substitution for the domestic market and export to other West African Economic Community (CEAO). During this period of sustained industrial development, the manufacturing industry practically doubled its contribution to GDP rising from 8 to 15 per cent. This growth was fostered by a generous investment code and a tariff regime that provided moderate and fairly uniform protection to enterprises in this sector without recourse to quantitative restrictions.

- The expansion phase (1970-1980), firstly, was fortified by an upward industrial integration through the manufacture of semi-finished products and the development of export-oriented industries. Secondly, certain number of policy measures were introduced that led to the development of textiles and food-processing industries using local raw materials with a view to reducing regional disparities. Within this period MVA rose by 4.3 per cent. Notwithstanding the size of the country's manufacturing sector, its share of the total GDP declined from 15 per cent to 13 per cent.

- The stabilization phase (1980-1985) revealed the structural weaknesses of the economy which depended highly on coffee and cocoa and which declined due to adverse terms of trade. This was combined with a drop in demand for industrial products in competitive international markets;

- In view of the above, the Côte d'Ivoire's external debt increased to US$ 9.8 billion (142 per cent of GNP) in 1985.

4. These external shocks undermined the country's economic and financial situation and necessitated policy reform measures. Firstly, Government opted for debt rescheduling in late 1985 as well as in 1987 to obtain better conditions, and secondly, in order to face this new situation, a certain number of measures were introduced within the framework of the Structural Adjustment Programme (SAP) to revive and improve the competitiveness of industrial enterprises. These measures included:

- A new investment code;
- A new customs tariff;
- A new export subsidy;
- Increase in import duties;
- Adjustment of fiscal policy.

5. Despite the fact that these measures were intended to boost growth, the Ivorian external debt grew to more than US$ 13.6 billion in 1987. The economy went into recession between 1981 and 1984, and drought aggravated agricultural decline in 1983 and 1984. Yet the industrial sector responded to the unfavourable environment by promoting exports and persuing investments in agro-industries, textiles, wood processing, building materials, and petroleum processing.

6. As a result of this strategy, the manufacturing industries contribution to the GDP stood at 6.9 per cent in 1984, 7.8 per cent in 1986 and 8.3 per cent in 1987.

7. The food-processing subsector accounted for 36.3 per cent of the total volume of gross output in 1987. However, export-oriented industries whose aim it is to maintain a balance of payments equilibrium registered a decline growth.

8. The food-processing subsector is confronted with a number of problems and limitations. The two major ones are foreign exchange earning products (coffee and cocoa) which are becoming less competitive in the world market due to high production costs and low world market prices. Government therefore was obliged to reduce to half, the purchasing price paid to the farmers. There is a need for a cost-benefit analysis in comparison with other producer countries in order to identify the causes of the situation before embarking on new orientations in the country's food production.

9. A number of institutions were identified in the "Schema directeur d'industrialisation" in Côte d'Ivoire to support national enterprises in their restructuring and modernization activities.

10. Financial constraints and production cost (especially power, water, fuel, ports) are sources of complaints from industrialists. Policies concerning taxes, transport costs and other charges by the government would need to be reviewed from the technical organizational point of view.

STATE OF MANUFACTURING INDUSTRY - EGYPT

1. The public sector controls over 80 per cent of the manufacturing sector. Since 1982, the Government has frozen the expansion of manufacturing industry. During this period, the public investment which ranged between US$ 500 million and US$ 700 million has been channeled towards rehabilitating existing plants. The private sector on the other hand is being encouraged by the state to invest in new industries with focus on the production of intermediate inputs and capital goods. The investment from the private sector has been growing by more than 15 per cent rate per annum.

2. Growth of output in nominal terms, although not steady, could be considered reasonable. The Egyptian manufacturing sector is dominated by consumer goods production in order to reduce reliance on imports. Capital goods production nevertheless accounts for about 30 per cent of the total manufacturing production which grew at an average of 15 per cent over most of the 1980s. The intermediate goods production represented in the same period, about 15 per cent of manufacturing output.

3. Industrial establishments are concentrated around a few major cities such as Cairo and Alexandria. Recently, the government began offering limited credit and tax incentives to encourage a more diverse location of industries, especially with regard to small-scale agro-based industries. Inter-industry integration is not yet well developed in Egypt. But there has been positive developments in the last few years in integration between agriculture and food-processing industries.

4. The food-processing industry performed well with an average growth rate of 10 per cent in the 1970s. In the 1980s it grew very slowly (26.1 per cent in 1984 to 26.7 per cent in 1987) and declined quite sharply in some areas. Sugar processing and confectionery improved by over 12 per cent growth between 1985 and 1986. Others that registered positive growth rate over the same period include canning (9,5 per cent), edible oils (4,5 per cent), and meat and dairy (less than 3 per cent). The MVA showed an annual average growth of 0.9 per cent between 1984 and 1987. The reason for this positive growth was attributed to improved efficiency, available local raw materials and improved allocation of foreign exchange to the private sector.

5. It would appear that most constraints in Egypt arise from government policies. Policies worth mentioning are subsidies, particularly for sugar and bread; protective labour regulations which both the public and private sector affirm as being one-sided, and conducive to low productivity; inadequate support to promote exports in spite of recent actions by the Government such as the establishment of the Export Development Committee at the Cabinet level, granting permission to exporters to cash their export earnings at the commercial rate which is higher than official exhange rate, and the establishment of an export development bank; and an inadequate public sector reform, to impose administrative procedures. At the micro level, inadequate management capabilities may be the most important constraint restraining development in the food industry. The problem prevails both in public and private enterprises. In the technical and technological fields old or obsolete machinery and equipment, inferior technology, and inventory management are more common problems in the private sector, while planning deficiency appears more of a problem in the public entreprises. The shrinking export market and rising costs of imports are the two most important external factors affecting food industries, both public and private.

6. Areas identified for rehabilitation/restructuring include:

- Equipment and machinery replacement wherever feasible;
- Promotion of subcontracting arrangements with farmers to improve raw materials supplies;
- Supply of standard, out-of-shelf spare parts;
- Skill development, especially in processing, repair and maintenance, the primary aim of which should be to increase efficiency and cut down costs to improve competitiveness;
- Training of management staff with focus on planning, materials, management and human resource development.

STATE OF MANUFACTURING INDUSTRY - ETHIOPIA

1. In the 1970s the sector was characterized by a sharply contrasting dichotomy of rudimentary small-scale and handicraft subsector producing about half the MVA on the one hand and relatively modern medium- to large-scale subsector accounting for the second half of the MVA on the other. The modern industry - medium- and large-scale - underwent a dramatic change in ownership from private to state control, management and financial structure after the mid-1970s following a change in administration.

2. On the whole, the manufacturing industry depends mostly on imported raw materials, machinery and spare parts. Capacity utilization is low because there was shortage of foreign exchange to import the necessary raw materials, machinery and spare parts.

3. Industrial growth has fluctuated in the last two decades. Average annual growth has been low at 3.9 per cent between 1974-1984. Ethiopia has one of the lowest MVA per capita in Africa. Structurally, the sector remains rigid with strong ties to production of non-durable goods. Intra-sectoral linkages in the manufacturing sector are very weak. The linkage between agriculture and industry is considerable, but co-ordination is weak. Dispersal of manufacturing industry tended to concentrate in few localities privilaged with a disproportionale share of infrastructural facilities. Recent locational policies have been made not on economic ground, but by political order, as a part of strategy to attain geographical balance of development.

4. In real terms there was no growth over the entire 1980's. In current terms, average annual growth rarely exceeded 1 per cent point. Apart from the beans canning subsector, there was little positive development in the food manufacturing sector. Rising costs of raw materials, aged equipment and machinery, as well as low labour moral dampened. MVA and profit almost in all branches of the sector except sugar, the most important branch in all aspects which substantially increased through a major expansion and capital restocking in the early 1980s.

5. Ethiopia's major food-processing problems are strongly linked to the overall state of the economy which is badly shaken by unending internal strifes and inadequate policies. According to observations made, the major problems currently faced by the industrial sector and the food-manufacturing subsector at the national and sectoral levels are the following:

- Severe shortage of foreign exchange;

- Old and obsolete equipment, machinery and technology;

- unavailability of raw materials and other inputs, both domestic and foreign;

- Inability of enterprises to undertake timely and adequate repairs;

- Inadequate policies. In the last ten years, the State owned and operated large-scale farms producing food, and industrial and export crops made a cumulative financial loss of US$ 200 million. 1/ Yet, a number of State farms are expected to be further expanded. Several State-owned industrial plants have been operating at a loss for long due to policy constraints.

6. At the enterprise level, the problems often, arise from macro-economic policies. The following could be mentioned as the most important:

- Obsolescence of machinery and equipment in most industry with the exception of sugar, fruit canning and edible oil production;

- Serious shortage of raw materials, domestic and imported, intermediate and capital goods and spare parts;

- Shortage of trained and experienced managers and skilled workers in processing and engineering, repair and maintenance;

- Inadequacy of management competence, especially in internal control, finance, manpower development and planning;

- Insufficient and delayed flow of working capital that, in the opinion of plant managers, contribute considerably to capacity underutilization;

- Considerable delay to get approvals and decisions from a multi-tier supervisory and administrative system and inadequate delegation of authority in decision making at plant level.

7. Major areas for rehabilitation/restructuring have been identified in:

- Promotion of better co-ordination within the food-processing sector through restructuring of institutional infrastructure. Too many ministries, corporations and regional offices are involved in the management of food manufacturing making co-ordination difficult.

- Improvement of capacity utilization through the improvement of physical infrastructure.

- Removal of price control on agricultural products.

- Liberalization of access to foreign exchange.

- Establishment of training facilities etc.

1/ "Review of agricultural performance, 1985-1988", unpublished (Amharic text), Office of National Committee for Central Planning, p. 135.

STATE OF THE MANUFACTURING INDUSTRY - GHANA

1. The growth rate of Ghana's manufacturing sector was very unstable in the 1980s. Capacity utilization was as low as 21 per cent in 1981. Physical output, MVA and employment, all sagged. With the introduction of the World Bank/IMF structural adjustment programme in 1983, capacity utilization went up to 38 per cent in 1988. The manufacturing industry is dominated by food and textile industries in both output and employment. Gross domestic investment remained below 15 per cent of the GDP throughout 1980s. Linkages between the manufacturing sector and other sectors of the economy have not been properly developed. This results in greater dependence on imports - machinery, equipment and spare parts - for manufacturing industry. There is however, an increasing supply of agricultural products to food processing, textile and leather subsectors. This is attributed to the reform programme.

2. The public sector dominated the medium- and large-scale manufacturing industries. At present, the government has earmarked about 30 public industries for liquidation or divestiture. As in many other African States, almost all the industries, small or large, are concentrated in big urban centres, mostly in Accra and Kumasi. This indicates the unbalanced development of physical and institutional infrastructure in the country.

3. The introduction of the Economic Recovery Programme (ERP) and the structural adjustment programme (SAP) revived the performance of the food-processing industry, but did not go far enough. In some branches, like edible oils and fats which depend heavily on foreign sources for inputs, the rate of growth was down.

4. Capacity utilization which was low, 25 per cent or lower in the later 1970s and early 1980s, and stood at about 42 per cent in 1987. The behaviour of MVA has been fairly irregular, especially, over 1984-1986. It increased from 24.6 per cent in 1984 to 42.9 per cent in the animal feed subsector in 1986, but fell in dairy (58.4 per cent to 37.4 per cent), fruit and vegetable canning (57.2 per cent to 23.7 per cent), bakery products (61.1 per cent to 36.5 per cent) and milling (42 per cent to 17.5 per cent). The decline in MVA with regard to milling and fish in this period has been attributed to easing of restrictions on imports, tariffs and price control. Employment has increased recently in food-processing industry as a result of increased capacity utilization.

5. The main problems and constraints the food manufacturing industry is facing in Ghana include the following:

- Unreliable and inadequate supply of raw materials, spare parts as well as intermediate and capital goods;

- Limited technology capability aggravated by the absence of advanced indigenous technology. Sugar, canning and edible oil production suffer, mostly owing to the age of equipment and machinery;

- Inadequate back-up services arising from poor intra-sectoral linkages, quality control facilities and services, packaging and labelling;

- Inadequate and inward-looking marketing approach, arising from a lack of aggressive marketing supported by active research and product promotion, timely and efficient delivery;

- Limited management capability; shortage of skilled manpower; inadequate plant level training facilities;

- Poor infrastructural support, particularly power and other utilities; and

- Lack of working capital, high interest rates and tight credits.

6. In view of the above, Ghanaian rehabilitation in the food-industry need address:

- Various issues related to increased raw material production and timely delivery to the processing plants should be given special attention;

- An in-depth investigation and a detailed classification of spare parts production, supply and needs in Ghana should be undertaken. Production of spare parts should be encouraged and protected, where appropriate in Ghana and in ECOWAS;

- Old and obsolete production plants need replacing, and processing systems need to be redesigned for greater efficiency and capacity utilization;

- Companies should make an effort to improve their sales organization. This activity should be carefully timed to coincide with the physical rehabilitation programme;

- The number of Trade Representatives abroad should be increased, especially in important neighbouring countries.

STATE OF MANUFACTURING INDUSTRY - KENYA

1. Policies and objectives to guide the economy in the 1990s were formulated and adopted in 1986 by the Government of Kenya. The objectives include among other things export-stimulation, job creation, increased labour productivity, indigenization and encouraging strong linkages between industry and agriculture. New policies indicate that government withdraw its direct participation and provide infrastructure and incentives to attract private investment.

2. Of recent, government has liberalized tariff protection, decontrolled a number of prices of manufactured products and the exchange rate is more or less market-determined. The effects of these and other intervention were mixed. Manufacturing gross output rose from 10.3 per cent in 1984 to only 10.5 per cent in 1986 and declined to 10.3 per cent in 1987. The metal subsector is the leading industry with about 14.5 per cent growth rate in 1988. Some areas like plastic, non-metallic mineral products, furniture and fixtures showed negative growth rate while textile also showed a decline.

3. Measures to attract private foreign and domestic investment have not been adequately responsive. The share of manufacturing in the total gross fixed capital formation remained the same between 1984 and 1987. Private non-African businessmen control a greater part of the industrial sector. Linkages among different subsectors of industry are very weak. Agriculture largely depends on imported hand tools and animal-drawn implements, while factories operate at capacity of less than 30 per cent.

4. The modern food-processing subsector, dominated by multinationals, is more capital intensive, better managed and is more export-oriented. The food industry depends heavily on imported industrial machinery and some raw materials. Capacity utilization ranges from 40 to 90 per cent. The performance of the food-processing subsector has been encouraging recently. Subsectors like meat and dairy and grain milling increased in 1988 over 1987 to 10.9 per cent and 13.3 per cent respectively. MVA in food-processing subsector in Kenya had mixed fortunes in the first half of the 1980s. The drought that occured between 1983 and 1984 had a serious set back to food processing. The rate of employment has been very impressive, increasing from 39,800 workers in 1984 to 44,400 workers in 1987 or a growth rate of 11.6 per cent. Kenya food-processing subsector accounted for about 27 per cent of the total workforce in the manufacturing sector in 1987.

5. The problems of the Kenyan food-processing subsector examined from the national and sectoral points of view include:

- Inadequate public reform, particularly continued public ownership of enterprises which appears more suited for the private sector;
- Price control over a wide range of food products which still remain; and
- Rationalization of trade policies.

6. At the enterprise level the problems are more or less limited to:

- Limited availability of foreign exchange to keep the relatively capital-intensive food industry going;
- Shortage of raw materials of domestic origin;
- Shortage of spare parts from the local engineering industries which operate at 40 per cent capacity or below due to external causes; and
- Lack of efficient management capabilities.

7. In considering the above, rehabilitation and restructuring in the food industry in Kenya should mainly address the following:

- Its privatization exercise may be speed up. This may enable processing plants to obtain badly needed finance and efficient management;
- Decontrol prices over a wide range of agricultural products. This will motivate farmers to increase total production, thereby saving the nation a huge amount of foreign exchange which could have otherwise been used to import other essential inputs. In addition, it will encourage the farmers to produce and supply the processing plants the needed raw materials, thereby increasing capacity utilization;
- Establishment of Trade Representatives abroad especially in the SADCC and PTA Member States', strengthening of the Trade Attachés in the various diplomatic missions;
- The liberalization of the foreign exchange market is a positive step towards the private sector. More effort is needed for further improvement;
- Development of human resources especially in projects planning, management, optimal use of local materials etc.

STATE OF MANUFACTURING INDUSTRY - MOROCCO

1. Morocco's economy is mostly based on agricultural production for the support of its 22 million inhabitants as well as for export. In 1986, the GNP per capita was US$ 580. Agriculture employed 40 per cent of the total labour force while food-processing subsector contributed about 17.3 per cent to MVA in the same year.

2. After an average of 7.5 per cent rapid growth per year from 1973 to 1977, the real GDP, affected by unfavorable meteorological conditions, declined to 3.5 per cent per year from 1983 to 1985. Due to abundant rains agricultural value added rose to 20 per cent during 1985/1986, boosting at the same time some industrial sub-sectors.

3. A critical financial situation led Morocco to opt for reschedulings of its US$ 1.3 billion debt in 1984 and another US$ 650 million in 1985. As a result of the acceptance and the implementation of a new economic restructuring programme recommended by the World Bank in mid-1983, Morocco received from the latter a US$ 600 million facility to revive and sustain industrial activities. These measures were intended to achieve a growth rate of 4-5 per cent per annum from 1989 to 1992. It was forecast that investments would expand to 21.5 per cent while export would increase to 5.6 per cent in the same period.

4. Within the framework of the Structural Adjustment Programme prepared by the World Bank, State activities would be limited to its participation in the capital of joint-ventures. With the exception of sugar cane and oil refineries, every other State-owned food-processing industry was earmarked for privatization.

5. Morocco's manufacturing sector contribution to the GDP was 13.5 per cent, 14.9 per cent, 14.8 per cent and 16.6 per cent in 1984, 1985, 1986 and 1987 respectively. The share of the food-processing subsector in MVA represented 16.2 per cent, with 27.8 per cent of its employment and 34.5 per cent of manufacturing sector's output in 1987. In 1986, food processing contributed to 5.7 per cent Morocco's GDP. In general, the different activities related to food processing increased less than the total of manufacturing industries.

6. The analysis of imports and exports shows that while exports increased between 1982 and 1987, a decline in imports was registered in the same period but in all Morocco maintained a negative balance of trade. It could also be noticed that exports of food-processing industries declined from 28 per cent in 1980 to 18 per cent in 1985 of total exports.

7. Food-processing industries depend on supplies of agricultural products as well as fisheries. These supplies do not always meet the requirements of processing industry and the consequence is always frequent stoppages in production leading to non-fulfilment of export agreements. Regarding import supply, formalities still remain complex and time consuming. It is therefore difficult for the industrialists to meet their requirements vis-à-vis the international market.

8. The manufacturing sector's equipment on the whole is modern without much sophistication. Industrial capacities are important because they must absorb some abnormal seasonal peaks. This is for example the case for milk and fish conservation. Sugar industries have overcapacity in relation to local agricultural production of sugar-beet and sugar cane.

9. Investment policy in Morocco is rather liberal. Private enterprises including co-operatives purchase their inputs independently. But they are most of time confronted with foreign exchange problems. This is not the case with State-owned enterprises. The industrialists recognize lack of maintenance and absence of skilled manpower as crucial constraints. Price regulation instead of protecting incomes of primary producters had adverse effects and hinders the ordely development of concerned food-processing industries, for example breeding and fishing.

10. The lack of technological information and skills seems to be endemic. To update their technological know-how, industrialists rely on European exhibitions and/or contacts with their traditional customers and suppliers.

11. Morocco's industrial development policy as indicated in its five-year plan (1988-1992) gives emphasis on the following :

- Exports promotion;
- Industrial integration;
- Improved geographical distribution of industrial activities;
- Promotion of SMI with labour-intensive potential.

It is envisaged that these objectives will be supported by new and stimulating fiscal, banking, trade policies as well as assistance in the creation of enterprises and simplification of the administrative formalities.

12. The share of food processing industry in total manufactured exports declined to 10 per cent during the last five years. This is due to a number of limitating factors :

- At the micro-economic level, organization and management in manufacturing enterprises need up-grading. They also lack services such as research and development, quality control, accounting and marketing.
- At the macro-economic level, Government intervention in price regulation appears to undermine the medium- and long-term development of primary production and processing activities. Furthermore, there is a lack of industrial infrastructural services.

Areas identified for the rehabilitation and restructuring are oils, sugar cane, fish conservation, fruit and vegetable processing, and milk production.

STATE OF MANUFACTURING INDUSTRY - NIGERIA

1. The oil boom of the 1970s brought little change in the industrial development of the country. As the price of oil reached its deeps in the early 1980s problems emerged in the industrial sector because of the depletion of foreign exchange needed for the importation of raw materials and spare parts. The volume of industrial production in 1986 was 25 per cent below the 1982 level. These problems were compounded by weak and shrinking domestic market due to sharp decline in per capita incomes, sharp increases in the cost of imported manufacturing inputs arising from the devaluation of the local currency, inadequate and inefficient infrastructural facilities as well as high interest rates. This affected especially the small- and medium-scale manufacturing enterprises. The manufacturing industry started picking up since 1987 because of a series of macro-economic reforms (structural adjustment policies) introduced in 1986. Nigeria's manufacturing industry is heavily dependent on imports. This was brought to light as a ban on grains imports was introduced. Production of consumer goods dominates with about 70 per cent of the total industrial output followed by intermediate goods (25 per cent) and capital goods (5 per cent). MVA remained around 42-45 per cent of the total output in the 1970s and 1980s.

2. There has been a declining trend of capacity utilization for the whole of the manufacturing sector from 37.8 per cent in the 1986 to 31 per cent in 1989. Improvement has only been recorded in the textile subsector. Employment has decreased as a result of closure of plants due to lack of foreign exchange to import the required raw materials, machinery and spare parts. The public sector takes the lion share in investments (60 per cent) while the private sector accounts for only 37 to 40 per cent.

3. Like in all African countries, industries are located in the major urban centres. With the creation of States, governments are making efforts to locate industries preferably in the capitals of the various States. The industrial landscape in Nigeria could be classified as small-, medium- and large-scale. Before the 1976 indigenization decree, foreign companies dominated the Nigerian manufacturing sector. Since then the public sector has dominated the large-scale sector.

4. Sectoral linkages, especially between agriculture and manufacturing, have been weak, due mainly to import substitution policy which encouraged over valuation of the local currency, making imports of raw materials cheap, posing strong competition to local products.

5. The food-processing subsector has not performed well for quite some time. The overall growth has been estimated to lie in the neighbourhood of about 2.5 per cent in 1988. Seriously affected are subsectors like edible oil and grain milling whose output showed a significant decline over the period 1987 and 1988 due to import ban on wheat, rice and vegetable oil.

6. The performance of the agricultural sector since 1986 has not been remarkably good for the food-processing industry. Constant share of the GDP of 30 and 35 per cent was recorded in 1986 and 1988 with slight fall in 1987 (24 % of GDP). There is the fear that this growth rate will decline if large-scale smuggling on banned products like wheat, flour, rice and vegetable oils is not controlled.

7. The capacity utilization, employment, MVA and profit have not been satisfactory since the introduction of SAP. In real terms MVA grew at an average rate of 3.9 per cent between 1979 and 1980. But since then, growth has stagnated or even declined. Factor productivity dropped by an average of -0.28 per cent per annum between 1983 and 1985. The expected gains from SAP such as capacity utilization has failed to materialize, the domestic market has shrunk because of fast decreasing per capital income; coupled with a general decline in investment.

8. The introduction of structural adjustment programme in 1986 affected food processing both positively and negatively. While SAP had positive effects such as increasing the production and consumption of local raw materials, and decreasing import dependence, there were also negative ones such as:

- High inflation which in 1988 was 50 per cent higher than in 1987. 1/ This tended to decrease per capita income and narrow the domestic market or effective demand for many manufactured foods;

- Sharp decline in imports due to steeply rising prices of inputs, intermediate and capital goods. This led to plant closures, reduction of capacity utilization and labour lay-off;

- Food production (agriculture) remained dull and unresponsive. However, good weather in 1985 induced an increase. Supply of such raw materials as wheat and oil-seeds has not improved in general. However, overall there has been an improvement on local sourcing.

- Exports were also not responsive to SAP. Non-oil exports as a whole and manufactured exports in particular showed limited growth to affect the supply of foreign exchange.

9. Micro-based food manufacturing problems were by and large similar to the countries mentioned earlier. The most important ones were:

- Shortage of raw materials exacerbated by high costs of imported raw materials, intermediate and capital goods;

- Slow inter- and intra-sectoral linkages to improve local sourcing through increased production of spare parts, chemicals and capital goods;

- Lack of skilled manpower;

- Lack of interest for investment in modernization, higher technologies, manpower development through training. This has been aggravated by uncertainties about the future with regard to the major policies and the political climate;

- Lack of strong management. The problem areas are planning, manpower development and marketing.

1/ "The Nigerian structural adjustment programme : Policies, impacts and prospects", World Bank, September 1988, p. xiv.

STATE OF MANUFACTURING INDUSTRY - SENEGAL

1. The country's economy is mostly dominated by the services sector. The production of the agricultural sector which is mainly for the subsistence of its population but also for exports increased slightly from 20 per cent of its share of the GDP in 1984 to 22 per cent in 1988. Agriculture and fisheries and the related food-processing industries remain the main sectors devoted to exports. This range of export products however is limited and remains based on traditional items.

2. The economic development of the country is characterized by a number of fundamental weaknesses. The real GDP, affected by unfavourable meteorological conditions in 1983 and 1984 declined by -4.0 per cent between 1982 and 1984. An increase of 4 per cent between 1985 and 1986 however was not enough to reach the 1982 level.

3. The Senegalese external debt has been increasing steadily. It rose from FCFA 187 billion to FCFA 963 billion in the third quarter of 1988. In 1985, this financial situation forced the Government to formulate and implement a new financial and economic policy of which the salient points were:

- Increased incentives for the agricultural sector;
- Reduction of the importance of the public sector;
- Improvement in the management of parastatal enterprises;
- Incentives to the development of the private sector;
- Rehabilitation of existing enterprises rather than new investments.

4. To this effect, reform measures under the Plan of Action for Industry (PAI) were introduced between 1986 and 1988 in order to :

(a) Create a more competitive environment;

(b) Improve industrial productivity;

(c) Reduce over-protection to industrial enterprises.

5. However, under the pressure of the trade unions which are represented in the Government, the above measures were not implemented and the Government's position vis-à-vis the banking system continued to deteriorate. The Government's internal debt passed from FCFA 138.8 billion in 1987 to FCFA 154.4 billion in August 1988.

6. In 1986, the food-processing subsector's share to the total output stood at 41,8 per cent and fell slightly to 41,6 per cent in 1987. The analysis of the MVA generated by the economic activities shows that the manufacturing industries' share of the GDP was 14.7 per cent, 15,0 per cent 14,9 per cent and 15 per cent in 1984, 1985, 1986 and 1987 respectively. The share of the food-processing subsector accounted for 38.3 per cent, 37.8 per cent, 41.8 per cent and 41,6 per cent respectively in the same period.

7. As a result of government intervention in the past years, the economy is dominated by public enterprises at present, but government's intention is in favour of privatization.

8. With regards to trade, total export of oils and fats and food products in 1988 represented 35.7 per cent of the country's total exports value. Food-processing industries acccounted for 20.8 per cent of this.

9. The development of the primary and the secondary sectors are of utmost importance for the Government, which has elaborated a New Industrial Policy (NIP) whose implementation began in 1986. This policy has faced the reluctance of the powerful trade unions which refused to surrender their acquired social benefits and reduction of staff in the public as well as in the private sectors. This problem appears to hamper the actual implementation of the reform programme which could permit the re-establishment of the financial equilibrium of the country and which is essential for the revitalization of the economy. Moreover, administrative and fiscal constraints on the one hand, the poor quality of services and the high-costs of the public utilities (water, power, tranports and telecommunications) on the other hand, hinder the industrial activities of national enterprises. NIP's objectives are meant to:

- Ensure the withdrawal of the State participation and foster the liberalization of the industrial sector;

- Improve the competitiveness of local enterprises on domestic as well as external markets;

- Ensure the emergence of industrial activities with high value added;

- Enlarge the industrial sector.

STATE OF MANUFACTURING INDUSTRY - SUDAN

1. The Sudanese manufacturing sector has been facing a lot of difficulties, resulting in the closure of many small- and medium-scale plants because of lack of raw materials, old equipment, lack of spare parts and energy. The output of the manufacturing industry represents about 14 per cent of the GDP and it employs 5 per cent of the labour force in 1987. With the exception of such branches as cigarettes, batteries, tyres and tubes, decline in output is expected to continue in the near future. Factories in general operate at less than 20 per cent of installed capacity.

2. The wave of nationalization that took place in the early 1970s was reversed in the early 1980s because of economic difficulties, and public enterprises were privatized. Between 1981-1982, private industries accounted for 84.5 per cent of total MVA, 85.9 per cent of gross output and 57.7 per cent of total employment in industry. The private sector which is founded on an import-substitution strategy, started weakening as foreign exchange needed for the importation of machinery, spare parts and raw materials became scarce.

3. The manufacturing industry is dominated by the production of consumer goods, some intermediate goods and absence of capital goods manufacture. The private sector controls about 88 per cent of the food industry, (except sugar) 67 per cent of textile and garment, and 98 per cent of chemical industries. Sugar production accounts for about 78 per cent of the total number of firms, 77 per cent of the MVA and 61 per cent of the employment in the food processing subsector between 1987-1988.

4. Sugar is wholly public owned. As a whole, the food processing subsector has not performed well and there is doubts if it is going to improve in the future. The capacity utilization is very low as recorded in the sweets and soft drinks and edible oil, operating at 30 and 20 per cent respectively.

5. There is decline of investment by both public and private sectors. The manufacturing industries are located in the urban centres. About 43 per cent of the total number of industries are located in Khartoum accounting for about 37 per cent of total MVA and 36 per cent of the total employment. There is weak intersectoral linkages between metal working, engineering and agro-based industry.

6. The future development of national, sectoral and subsectoral economy of Sudan lies on its political stability. Without this, the most radical, far-sighted and audacious policy reforms on socio-economic issues may not yield the expected results. Rehabilitation and restructuring constitute investment or resource allocation which might mean increased investment in one sector at a temporary cost to another. At the plant level, rehabilitation means <u>inter alia</u> modernizing equipment and machinery, changing technology, improving management, developing skills, attempting to innovate, market development etc. All this means investment. In Sudan, there is no propensity to invest. Many fear that the gap between out-flow and in-flow of capital is widening. Besides unfavourable investment climate, the other major problem is poor agricultural performance caused by draught which causes serious capacity under-utilization, especially in sugar, edible oil and grain milling. The low performance of agriculture is also the outcome of macro-economic policies and agricultural development strategy which may call for re-examination.

7. At the micro level the problems are not different in character but tend to be numerous and deeper in Sudan. The most important ones would include:

- Severe inadequacy of foreign exchange;
- Constantly failing power and serious shortages of fuel and water;
- Weak management almost in all departments with planning and human resources management probably the weakest areas, especially in public enterprises leading to industrial inefficiency;
- Shortage of skilled manpower and low labour productivity arising from poor labour discipline, particularly in the public enterprises;
- Lack of working capital and high interest rates;
- Tax structure that is complicated;
- Shortage of raw materials, imported inputs and spare parts;
- Poor intra- and inter-sectoral linkages;
- Lack of confidence in the economy by the private investors.

STATE OF MANUFACTURING INDUSTRY - TANZANIA

1. The Tanzanian economy and its manufacturing sector depend largely on foreign financial resources which comprise of loans and grants. As a result, the financial flows to the industry are unreliable and irregular because of the conditions attached to them. This has contributed to the poor performance and low capacity utilization of the manufacturing industry. The share of this sector to the GDP in 1980 was 10 per cent, but declined to 2.4 per cent in 1987. The manufacturing industry is gradually recovering from its recession. The MVA growth rate rose from -4.05 per cent in 1986 to 4.2 per cent in 1987. The growth trend was different in the various subsectors. For instance while textiles showed high growth rate, growth in the food, footwear, chemical and transport equipment declined in real terms between 1987 and 1988. Consumer goods dominated the manufacturing industry (food, beverages and textiles accounting for about 50 per cent of gross output, 52 per cent MVA, and 62 per cent of total employment in 1986 to 1988) with little sign of changes in the future.

2. Intra-sectoral linkages in manufacturing are very weak particularly between engineering industries and other branches. Since the introduction of economic reform programmes, there is improvement in the linkage between agriculture and the industrial sectors. The poor condition of the infrastructure is identified as a major obstacle in the development of linkages.

3. The Government has actively encouraged the development of small-scale industry which helps to attain a regional developement balance. The division of the country into six industrial growth zones helped in the even distribution of manufacturing activities.

4. The performance of the food-processing subsector has been very discouraging. Not considering processed tea and coffee, the output decreased by 12 points in 1988 (1985=100) in terms of physical production. Serious policy measures (devaluation, price decontrol, trade liberalization and privatization) taken by Government are showing positive signs particularly in the increasing of agricultural outputs.

5. It is doubtful if the reform programmes introduced by the Government in the early 1980s could benefit the food subsector as some food-processing plants have been closed. There is a negative growth rate in the food subsector. Capacity utilization, except for beverages, declined or remained low with most sub-branches, particularly edible oils and soaps (15-17 per cent) MVA declined in 1986 as against 1985, but showed a modest improvement again in 1987. There was a negative growth rate in employment in the food-processing subsector until 1987 when this growth was reversed upwards but productivity has been falling in recent years.

6. Tanzania has also embarked on SAP and has implemented a number of macro-economic reforms. This, however, had some negative effects on sectoral and subsectoral developments. The most visible negative effects are high inflation and high import costs caused by successive devaluation of the local currency; plant closures and reduced capacity utilization due to trade liberalization which exposed weaker food manufacturing enterprises to outside more established and stronger competition from outside transnational companies; decreasing export earnings which aggravated foreign currency availability; stagnation or decline investments owing to economic uncertainties brought about by SAP.

7. At the micro level two points need to be mentioned. The first is the reportedly high processing wastage and finished products spillage in most public enterprises, notably sugar and canning caused by low labour morale. Secondly, in the allocation of foreign exchange, the private sector, which appears to be a much more efficient user of resources, does not appear to get its fair share.

STATE OF MANUFACTURING INDUSTRY - ZAIRE

1. The gross national product (GNP) per capita of Zaire which has been decreasing at an average annual rate of -2.4 per cent since 1980 was US$ 211 in 1987. This trend seems to continue in 1988 and 1989. The GDP in 1987 measured US$ 5.7 billion of which agricultural, industrial and service sectors each contributed a third each. In 1965 the manufacturing sector which represented 16 per cent of the GDP played a significant role during 1987.

2. Indigenization of the economy between 1973-1975 contributed to the departure from the country of a large number of foreign managers and owners who were replaced by indigenous businessmen. Unfortunately, the latter lacked industrial experience to ensure the continued development of the majority of those enterprises. As a result, some of them were given back to the former owners while the remainder were simply closed down.

3. The economic crisis which affected the industrial sector affected the small- and medium-scale industries (SMI) more. The negative balance of payments in 1970 (-64 million US$) reached an all time high in 1987 (-705 million US$ after public transfers). The total external debt reached in the same year US$ 8.6 billion representing 139.5 per cent of GNP compared to 9.1 per cent in 1970. The agriculture and foresty potential of Zaire is a very important asset. Only a very small part is exploited. A major part of rural population lives in isolation due to lack of transport facilities for fresh products and supplies. Mining potential is considerable but few mines are commercially exploited.

4. The contribution of the manufacturing sector to GDP has declined from 2.6 per cent in 1984 to 2.5 per cent in 1987. As to food processing, there appears to be a permanent decrease of activities related to this subsector between 1984 and 1987. This situation is aggravated by a number of factors including lack of skilled manpower, unfavourable legislation and procedures, poor financial situation, deficient banking system, transport and telecommunication systems, desinvestments and aging capital equipment as well as fall of commodity prices on the export markets.

5. There is weak intersectoral and inter-branches integration in the same sector, which stresses the dependence of the industrial sector on foreign markets for its supply of machinery, spare parts and raw materials. This present situation requires urgent measures to redress the balance of payments, restore confidence to economic agents and restore industrial activity. These measures may include :

- Review of the country's investment code and the fiscal policy to foster industrial development in general, and exports in particular;

- Financial system restructuring which will allow allocation of resources for viable projects and shifting to those generating more value added;

- Audit of ONATRA and SNCZ, two State-owned transport companies which fail to meet expected results. This audit should include training and evaluation of these enterprises at the technical, organizational and financial levels.

STATE OF MANUFACTURING INDUSTRY - ZIMBABWE

1. The manufacturing industry is doing very well when compared with that of other African countries. Its contribution to the GDP rose from 20 per cent in 1965 to 36 per cent in 1987, indicating a high level of industrialization. In real terms, export of manufactured goods grew by 0.3 per cent, 2.7 per cent and estimated 2.5 per cent in 1987, 1988 and 1989 respectively. Between 1980 and 1987 the growth in industrial production grew at annual average of 1.8 per cent, and in 1988, it was 4.9 per cent. The industrial growth rate in the first 7 months of 1989 was 7.1 per cent. Since 1984, MVA increased more than 5 per cent annually, while total manufacturing employment grew by slightly less than 2 per cent.

2. It is believed that the industrial sector could have performed much better if some of the key structural bottlenecks such as price control, and foreign exchange control regimes were removed.

3. Branch-wise the picture looks quite different. With the exception of textile and ginning, growth was generally unstable. There were declining growth in many branches, particularly in metal and metal products. Generally, there was no structural change in the industrial sector. Branches like metal and metal products, food industry, chemical and petroleum products and textiles accounted collectively for 60 to 65 per cent of the total production over 1980-1988. They also took a lion share in the MVA (60-70 per cent) and employment (58-64 per cent) in the same period. Gross domestic investment of 16.1 per cent of GDP in 1983 was the lowest recorded for Zimbabwe over the entire 1980s. It remained low in 1984 (17.4 per cent). Investment from the private sector remained also low.

4. The public sector controls about 14.4 per cent of the industrial sector, while the remaining 85.6 per cent of the total manufacturing is owned and controlled by the private sector. Within the private sector, it is estimated that about 48 per cent of the total capital stock is controlled and owned by foreigners in Zimbabwe.

5. There is a wide range of industries in Zimbabwe, intra-sectoral and inter-sectoral linkages are unusually well developed for sub-Sahara African standard. The development of infrastructure is extensive. The efficient transport system has further helped to strengthen inter-sectoral linkages. Agriculture and manufacturing receive a reasonable support from the engineering industries.

6. As in every other African country, the industrial concerns are concentrated in and around major urban centres like Harare and Bulawayo. They accounted for 69.6 per cent of the total output and 74.1 per cent of the total manufacturing employment respectively in 1977. The share increased to 72.4 per cent in the case of gross value and to 73.1 per cent in the case of employment in 1983. The government is using fiscal incentives to dissipate the concentration.

7. Zimbabwe has perhaps the strongest industrial base in sub-Saharan Africa, except South Africa. The food subsector is also one of the strongest. Despite serious structural problems, Zimbabwe's food industry looks reasonably healthy. The quarterly Digest of Statistics of the Central Statistical Office

estimated the growth of gross value of output at 7.7 per cent annually for the period 1982-1985. It is unlikely that growth in the subsequent years was as high as that due to a growing shortage of foreign exchange and price control. Despite the undesirability of the falling trend, food processing has not yet lost all its vigour. It is sufficiently capital-intensive, rehabilitation although inadequate is a continuous process, management is sophisticated and the level of technology high. All this kept growth of gross output still in the positive.

8. MVA grew on the average only by 1.4 per cent over the 1984-1988 period. The low growth is attributed to high import dependency and rising costs of imports. Local sourcing of raw meterials did not show much improvement and there is a serious shortage of oilseeds especially soya bean and cotton seeds. This development is strongly linked to the Government's price controls. Employment growth actually increased in 1987 but there is fear that it would not continue. The food subsector employed a total of 26,200 workers in 1984. That number increased to 30,459 in 1987. Factor productivity also, showed some improvement. It is contended that profit margins have been decreasing due to price controls and lack of foreign exchange. But this positive economic growth is facing a few structural problems particularly those related to pricing and trade protection. It is believed that unless current debates on these issues are converted into practical actions as soon as practicable, the Zimbabwean strong manufacturing base might start deteriorating.

9. Across the board price control and high rate of protection together with import restrictions tower all other macro-related problems affecting the food industry in Zimbabwe.

10. At the enterprise level : insufficient foreign currency to meet the high import needs of enterprises mostly owned by the private sector, slow growth of local sourcing of raw materials, aging machinery and equipment, equally aging transport facilities, and circumspect business owners to commit their firms to new investments or expensive rehabilitation are the main problems restraining a more aggressive development of food manufacturing enterprises.

ANNEX 2. SELECTED MACRO-ECONOMIC INDICATORS

Table 1. Gross domestic product

Indicators	Year	Algeria	Came-roon	Côte d' Ivoire	Egypt	Ethio-pia	Ghana	Kenya	Morocco	Nigeria	Senegal	Sudan	Tanzania	Zaire	Zimbabwe
GDP at 1980 constant prices (annual % growth)	1984	4.0	7.4	-2.0	8.0	-3.9	2.6	2.0	2.1	-7.1	-4.0	-1.0	2.4	2.7	-35.7
	1985	4.0	8.1	4.9	7.4	-6.5	5.0	3.8	4.1	7.8	3.8	-6.0	-0.2	2.5	39.7
	1986	-5.5	-6.4	5.4	4.8	-13.8	5.2	5.8	5.8	3.2	4.8	2.9	3.6	2.7	2.6
	1987	0.8	-8.3	-6.1	4.2	-0.3	4.8	5.7	1.0	1.7	4.1	2.5	3.9	2.6	0.3
	1988	2.7	-9.3	-3.2	2.2	-3.8	6.0	3.5	8.0	4.0	4.0	-4.9	3.9	2.0	6.5
GDP per capita 1987 (US$)		1960	718	994	711	79	1326	396	937	778	575	351	242	211	818
Population (million)	1988	23.7	10.9	11.6	59.9	47.9	14.2	23.9	23.9	105.4	7.0	23.8	24.0	33.5	8.9
Pop. growth* (%) p.a.	1980-1988	3.0	3.5	4.2	2.6	2.7	3.6	4.6	2.2	3.4	2.6	3.1	3.3	3.0	2.8

Sources: UNIDO: Economic Indicators of African Development, Studies on the rehabilitation of African industry, No 3, Rev.1.
* UNIDO Data Bank, 01.31.90.

Table 1 (continued). Foreign trade

Indicators	Year	Algeria	Cameroon	Côte d'Ivoire	Egypt	Ethiopia	Ghana	Kenya	Morocco	Nigeria	Senegal	Sudan	Tanzania	Zaire	Zimbabwe
Total export (current million US$)	1984	12019	2354	2500	3439	431	411	912	2184	13941	368	652	387	1726	653
	1985	10227	2458	2589	3901	361	525	897	2186	14590	335	487	314	1656	649
	1986	7877	1040	2947	2955	406	724	1077	2426	8311	367	409	395	1637	777
	1987	9016	1016	2522	3379	331	854	762	2810	7884	398	389	306	1679	1013
Total import (current million US$)	1984	10306	1157	1024	10372	951	397	1063	3927	5603	793	921	622	943	550
	1985	9857	1286	1742	9772	1007	477	951	3862	6089	704	1031	646	1010	377
	1986	9286	1707	1363	11220	871	595	1302	3808	4167	720	833	682	1031	443
	1987	5874	1750	1401	7741	847	678	1244	3352	3680	772	795	667	1005	444
Trade balance (current million US$)	1984	1712	1196	1475	-6933	-519	13	-151	-1743	8337	-424	-268	-235	782	102
	1985	370	1171	846	-5871	-646	47	-54	-1676	8507	-368	-544	-331	646	272
	1986	1408	-666	1583	-8264	-465	129	-224	-1381	4143	-353	-423	-287	605	334
	1987	3141	-733	1121	-4362	-515	175	-481	-541	4203	-373	-406	-360	674	568

Source: UNIDO: Economic Indicators of African Development, Studies on the rehabilitation of African industry, No 3, Rev.1.

Table 2. Manufacturing sector

Indicators	Year	Algeria	Cameroon	Côte d'Ivoire	Egypt	Ethiopia	Ghana	Kenya	Morocco	Nigeria	Senegal	Sudan	Tanzania	Zaire	Zimbabwe
MVA share of GDP (%)	1984	15.4	15.9	6.9	10.1	11.0	2.4	10.3	13.5	6.1	14.7	11.3	3.8	2.6	43.5
	1985	15.7	16.1	7.6	10.0	12.1	2.3	10.2	14.9	6.1	15.0	12.9	3.2	2.6	33.0
	1986	16.0	18.7	7.8	10.1	14.2	2.2	10.5	14.8	6.3	14.9	13.4	2.6	2.6	34.1
	1987	17.6	22.2	8.3	10.4	14.3	2.2	10.3	16.6	6.6	15.0	14.0	2.4	2.5	36.0
Manufacturing labour force (1000)	1984	353.2	34.1	76.8	946.6	89.7	62.3	153.0	221.7	316.6	34.5	162.1	98.0	74.1	163.8
	1985	368.2	34.8	78.5	968.5	93.2	62.7	161.6	225.4	318.2	35.5	178.1	93.6	77.9	169.5
	1986	380.6	37.2	80.6	992.5	97.1	63.3	164.6	292.7	312.5	37.3	189.1	95.6	80.8	172.4
	1987	394.8	39.8	83.1	1018.1	101.3	64.1	169.6	323.1	313.2	39.1	200.7	98.1	85.7	177.0
MVA/worker (1980 constant thousand US$)	1984	19.8	38.6	17.5	3.2	5.4	6.1	5.2	11.9	13.5	14.6	5.7	2.0	2.1	13.0
	1985	20.2	41.4	19.9	3.4	5.4	6.1	5.1	13.5	14.4	15.1	5.5	1.7	2.1	13.3
	1986	18.8	42.4	21.0	3.5	5.3	5.9	5.4	10.9	15.6	15.0	5.6	1.4	2.1	13.9
	1987	20.2	43.4	21.7	3.6	5.1	6.2	5.5	11.2	16.7	14.9	5.6	1.3	1.9	14.4
Gross output/worker (1980 constant thousand US$)	1984	52.0	102.5	43.5	13.5	12.6	20.5	25.3	42.3	33.1	32.7	15.7	8.6	36.9	22.7
	1985	52.4	108.0	50.1	14.1	14.1	20.1	24.8	42.7	42.6	30.3	14.8	9.0	35.1	24.1
	1986	49.8	114.1	48.3	14.7	14.1	19.8	25.9	33.9	42.5	29.3	14.5	9.0	33.4	22.2
	1987	53.2	116.4	49.9	15.4	14.1	19.5	47.8	41.1	44.9	27.8	14.2	10.3	31.8	24.5
Indices of industrial production (1980=100)	1984	1.67	1.37	0.98	1.44	1.12	0.68	1.05	1.17	0.65	1.05	1.27	0.73	0.92	1.04
	1985	1.77	1.47	1.15	1.55	1.30	0.67	1.10	1.20	0.84	1.00	1.32	0.73	0.92	1.15
	1986	1.73	1.66	1.14	1.66	1.36	0.66	1.16	1.23	0.82	1.02	1.37	0.74	0.91	1.07
	1987	1.92	1.81	1.21	1.78	1.41	0.66	2.21	1.65	0.87	1.01	1.43	0.87	0.91	1.21

<u>Source</u>: UNIDO: Economic Indicators of African Development, Studies on the rehabilitation of African industry, No 3, Rev.1.

Table 3. Food-processing

Indicators	Year	* Algeria	* Cameroon	Côte d'Ivoire	Egypt	Ethiopia	** Ghana	Kenya	Morocco	Nigeria	Senegal	* Sudan	Tanzania	Zaire	Zimbabwe
Employees (in 1000)	1984	69.9	9.5	38.1	144.0	16.2	4.8	39.8	42.3	34.0	16.1	100.0	20.2	17.0	26.2
	1985	72.9	8.5	39.8	148.7	16.7	4.8	41.5	38.6	37.2	17.0	110.0	17.6	17.8	28.6
	1986	76.0	8.6	41.1	153.6	16.9	4.9	45.0	69.1	36.4	17.9	115.0	18.0	18.5	29.5
	1987	79.3	8.6	42.2	158.7	17.0	4.9	44.4	76.1	35.6	18.9	120.0	18.3	19.0	30.5
Share in total 1980 constant MVA %	1984	19.0	46.4	31.5	19.3	22.9	19.5	24.8	15.3	10.9	38.0	74.9	20.1	8.3	11.6
	1985	18.1	46.4	27.9	20.2	22.7	19.7	25.5	13.8	11.1	37.8	75.6	19.4	6.3	11.7
	1986	17.8	46.4	24.8	21.0	22.5	17.5	26.0	17.3	11.5	38.1	76.2	18.7	5.4	11.9
	1987	16.6	46.3	25.5	21.9	23.1	20.7	26.4	16.2	12.7	38.5	76.7	18.3	4.6	12.0
MVA/worker (1980 constant thousand US$)	1984	19.0	64.3	11.1	4.1	6.7	15.6	5.0	9.5	12.2	11.9	6.9	1.9	0.7	9.4
	1985	18.4	78.5	10.9	4.4	6.8	15.6	5.0	10.9	13.7	11.9	6.8	1.8	0.6	9.2
	1986	16.8	85.3	10.2	4.8	6.9	17.5	5.2	8.0	15.4	11.9	7.0	1.4	0.5	9.6
	1987	16.7	92.6	10.8	5.1	7.1	20.7	5.5	7.7	18.6	11.8	7.2	1.3	0.4	10.0
Share in total 1980 constant output (%)	1984	24.6	40.3	34.9	26.1	20.5	10.2	32.2	23.6	8.3	38.3	68.0	19.9	20.0	25.3
	1985	23.6	45.1	34.1	26.3	20.6	11.2	32.9	22.6	4.9	37.7	68.7	17.5	18.2	21.8
	1986	23.0	44.7	36.7	26.5	20.2	12.3	33.1	21.8	6.8	41.8	69.4	15.0	16.8	25.7
	1987	21.8	45.8	37.3	26.7	20.0	13.4	23.0	19.8	7.7	41.6	70.0	11.7	15.1	23.8
Gross output/worker (1980 constant thousand US$)	1984	64.6	148.1	30.7	23.1	14.0	27.1	31.4	52.4	22.9	26.9	17.3	8.3	32.2	36.0
	1985	62.6	199.2	22.7	24.1	16.2	29.2	31.8	56.5	17.7	23.8	16.5	8.3	28.0	31.2
	1986	57.2	221.2	34.7	25.2	16.5	31.5	31.4	31.3	24.7	25.4	16.6	7.1	24.4	33.4
	1987	57.8	245.4	36.3	26.4	16.8	34.0	42.1	34.5	30.3	23.9	16.7	6.4	21.6	33.8

* Food processing including beverages and tobacco.
** Only beverages.

Source: UNIDO: Economic Indicators of African Development, Studies on the rehabilitation of African industry, No 3, Rev.1.

Table 4. Foreign debt

Indicators	Year	Algeria	Cameroon	Côte d'Ivoire	Egypt	Ethiopia	Ghana	Kenya	Morocco	Nigeria	Senegal	Sudan	Tanzania	Zaire	Zimbabwe
Foreign debt (current million US$)	1984	13865	2712	8179	30513	1543	1900	3720	13969	18664	2000	8466	3473	5066	2067
	1985	15330	2917	9837	34798	1879	2175	4390	16271	19522	2442	8929	3879	5885	2195
	1986	19300	3666	11142	37861	2187	2656	4934	18846	24470	3014	9568	4066	6932	2340
	1987	22881	4028	13555	40264	2590	3124	5950	20706	28714	3695	11126	4335	8630	2512
	1988	21050	-	-	41000	2145	-	-	22000	29500	-	-	5400	-	-
Foreign debt share of current GDP	1984	26.6	37.1	125.0	133.8	31.9	24.9	61.1	117.4	20.4	86.1	97.3	62.3	183.5	40.0
	1985	26.8	34.1	140.8	156.1	39.4	34.3	73.4	137.2	22.1	95.2	146.9	60.6	199.3	46.5
	1986	31.7	30.7	118.9	186.5	41.8	46.4	68.6	127.7	41.3	80.5	108.7	88.9	203.2	43.9
	1987	36.0	30.2	132.9	195.8	48.2	61.6	74.0	123.6	104.0	79.7	100.4	140.6	296.7	41.5
	1988	38.9	-	-	144.0	38.0	-	-	118.8	96.5	-	-	193.0	-	-
Foreign debt share of current export (%)	1984	115.4	115.2	327.1	887.2	357.3	461.7	407.7	639.6	133.9	543.0	1296.8	897.4	293.4	316.4
	1985	149.9	118.6	379.9	891.9	519.8	414.1	489.2	744.0	133.8	728.5	1831.6	1232.6	355.2	337.8
	1986	245.0	352.2	378.1	1281.0	538.6	366.7	457.7	776.5	294.4	821.1	2334.1	1027.0	423.3	300.8
	1987	253.8	396.2	537.4	1191.4	781.2	365.5	780.0	736.6	364.2	927.5	2858.9	1414.4	513.8	247.9
	1988	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Debt service share of current export (%)	1984	32.8	8.7	20.9	15.8	13.6	16.4	21.6	19.0	25.5	8.7	6.3	12.7	15.2	19.8
	1985	32.5	8.7	20.1	17.7	19.4	15.6	25.5	24.4	30.7	10.2	9.0	15.5	16.9	23.6
	1986	51.0	12.1	21.4	15.9	22.9	16.7	22.7	29.0	17.9	19.8	24.7	17.0	13.8	22.1
	1987	46.8	15.8	19.6	12.7	-	-	28.8	23.4	10.0	21.2	6.8	18.5	12.8	23.2
	1988	69.4	-	-	-	-	-	-	-	-	-	-	20.6	-	-

Source: UNIDO: Economic Indicators of African Development, Studies on the rehabilitation of African industry, No 3, Rev.1.

Table 5. Foreign trade in manufactures

Indicators	Year	Algeria	Cameroon	Côte d'Ivoire	Egypt	Ethiopia	Ghana	Kenya	Morocco	Nigeria	Senegal	Sudan	Tanzania	Zaire	Zimbabwe
Manufactured imports (current million US$)	1984	9128	1105	955	9067	767	359	893	2120	4747	701	796	536	852	491
	1985	8438	1205	1348	8208	797	431	819	2051	5226	626	834	570	935	324
	1986	8161	1670	1281	9235	704	540	1212	2530	3600	647	721	630	913	405
	1987	5021	1686	1323	6372	762	627	1165	2746	3421	714	683	617	924	409
Manufactured exports (current million US$)	1984	4295	723	1761	923	364	348	794	1346	481	267	115	298	819	331
	1985	4082	691	2120	1054	294	434	788	1368	542	238	79	230	814	306
	1986	2078	691	2239	1036	350	591	949	1636	308	269	65	300	1030	365
	1987	3096	625	1826	811	275	691	628	1884	330	309	61	217	970	401
Manufactured import share in total imports (%)	1984	88.5	95.4	93.2	87.4	80.7	90.3	84.0	53.9	84.7	88.4	86.5	86.1	90.3	89.1
	1985	85.6	93.6	77.3	83.9	79.1	90.2	86.1	53.1	85.8	88.9	80.8	88.2	92.5	86.1
	1986	87.8	97.8	93.9	82.3	80.8	90.7	90.0	66.4	86.4	89.8	86.6	92.3	88.5	91.3
	1987	85.5	96.3	94.4	82.3	90.0	92.3	93.6	81.9	92.9	92.5	85.9	92.5	91.9	92.0
Manufactured export share in total exports (%)	1984	35.7	30.7	70.4	26.8	84.4	84.6	87.0	61.6	3.4	72.5	17.6	77.6	47.4	50.6
	1985	39.9	28.1	81.8	27.0	81.6	82.6	87.8	62.5	3.7	71.0	16.2	73.2	49.1	47.1
	1986	26.3	66.4	75.9	35.0	86.4	81.7	88.1	67.4	3.7	73.4	15.8	75.9	62.9	46.9
	1987	34.5	61.5	72.4	26.0	83.1	80.8	82.3	67.0	4.1	77.7	15.6	71.0	57.7	39.6

Source: UNIDO: Economic Indicators of African Development, Studies on the rehabilitation of African industry, No 3, Rev.1.

Table 6. Annual average exchange rate

Indicators	Year	Algeria Dinar	Cameroon CFA franc	Côte d' Ivoire CFA franc	Egypt Pound	Ethiopia Birr	Ghana Cedi	Kenya Shilling	Morocco Dirham	Nigeria Naira	Senegal CFA franc	Sudan Pound	Tanzania Shilling	Zaire Zaire	Zimbabwe Dollar
Annual average exchange rate (re 1 US$)	1984	4.98	436.96	436.96	1.25	2.07	35.46	14.41	8.81	0.76	436.96	1.30	15.29	36.13	1.24
	1985	5.03	449.26	449.26	1.53	2.07	54.05	16.43	10.06	0.89	449.26	2.29	17.47	49.87	1.61
	1986	4.71	346.30	346.30	1.88	2.07	89.28	16.22	9.10	1.35	346.30	2.50	32.70	59.63	1.60
	1987	4.85	300.54	300.54	2.14	2.07	147.06	16.45	8.36	4.01	300.54	2.81	64.26	112.40	1.66
	1988	5.91	297.85	297.85	2.29	2.07	200.00	17.75	8.21	4.48	297.85	4.50	99.29	187.07	1.80

Source: Economist Intelligence Unit, World Outlook 1989.

Table 7. Contribution of agricultural sector to the GDP in percentage

Country	1984	1985	1986	1987	1988
Algeria	6	7	14		11
Cameroon	26	26	26	24*	26
Côte d'Ivoire	40	41	42	36*	36
Egypt	19	18	18	17	21
Ethiopia	46	41	42	42*	42
Ghana	55	54	53	51	51
Kenya	31	31	32	31	31
Morocco	16	18	20	17	19
Nigeria	28	27	30	24	35
Senegal	20	21	22	22	22
Sudan	30	28	29	37*	37
Tanzania	46	46	46	53	64
Zaire	32	31	31	32*	31
Zimbabwe	14	16	17	11	11

Sources:
(i) 1984-1986: United Nations, African statistical yearbook, 1986
(ii) 1987 : Economist Intelligence Unit, 1988-1990.
(iii) 1988 : The World Bank Atlas 1989
* World Bank: Sub-Saharan Africa, From crisis to sustainable growth, Washington D.C., 1989

Table 8. Share of Agricultural products to the total Export in percentage

Country	1965	1980	1987
Algeria			
Cameroon	77	60	40
Côte d'Ivoire	93	84	86
Egypt			
Ethiopia	98	92	96
Ghana	85	67	62
Kenya	81	50	62
Morocco			
Nigeria	65	3	8
Senegal	40	49	43
Sudan	98	96	79
Tanzania	83	74	75
Zaire	20	35	31
Zimbabwe	40	49	43

Source: World Bank: Sub-Saharan Africa, From crisis to sustainable growth, Washington D.C., 1989.

Table 9. Estimate of economically active population engaged in agriculture (in percentage)

Country	1980	1985	1986	1987	1988
Algeria	31	28	27	26	26
Cameroon	70	66	65	64	63
Côte d'Ivoire	65	61	60	59	58
Egypt	46	43	43	42	42
Ethiopia	80	77	77	76	76
Ghana	56	53	52	52	51
Kenya	81	79	77	78	78
Morocco	46	41	40	39	38
Nigeria	68	67	66	66	66
Senegal	81	80	79	79	79
Sudan	71	66	65	64	63
Tanzania	86	83	83	82	82
Zaire	72	69	68	68	67
Zimbabwe	73	71	70	70	69

Source: FAO, Yearbook vol. 42, 1988.